

AR30



1957 Annual Reports

Planning for Tomorrow

1957

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Publications Department

The Bowater Organisation

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Board s/o DC 120 lb*

The Bowater Paper Corporation Limited

Directors

Sir Eric Vansittart Bowater *Chairman and Chief Executive*

Sir John Keeling *Vice-Chairman*

Sir Noël V. Bowater Bt. G.B.E. M.C. *Vice-Chairman*

Stanley Bell *Director of Marketing and Supplies*

H. M. S. Lewin C.B.E. *Resident Director in Canada*

K. N. Linforth *Director of Operations*

A. B. Meyer *Resident Director in United States of America*

C. G. Rye *Director of Administration and Finance*

G. W. Shaw *Deputy Director of Operations*

Officials

Comptroller and Secretary Robert Knight F.C.I.S.

Chief Accountant R. J. Smith C.A.

Bankers

Lloyds Bank Limited

Barclays Bank Limited

Westminster Bank Limited

Legal Advisers

Linklaters & Paines

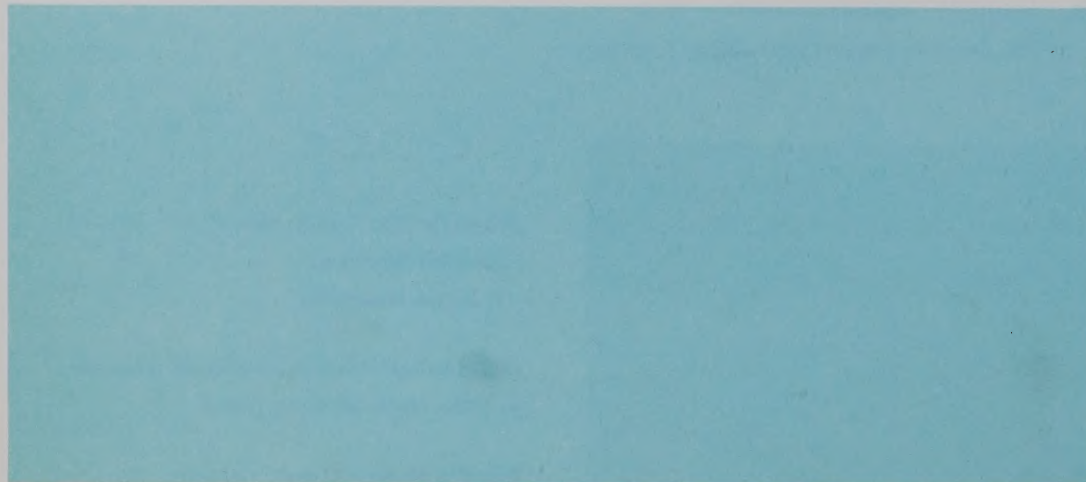
Allen & Overy

Auditors

Barton, Mayhew & Co.

Consulting Accountants

Peat, Marwick, Mitchell & Co.



The Bowater Organisation

Directors and Officials

Subsidiaries in the United Kingdom

Bowaters United Kingdom Pulp and Paper Mills Limited

K. N. Linfoth *Chairman*

H. M. Archibald: Arthur Baker C.B.E.:

J. A. Colvin: D. C. Doughty: Andrew Ireland:

Robert Knight: A. S. Linfoth: J. T. Luke:

G. R. Roberts: G. W. Shaw: G. F. Underhay

Secretary: W. E. J. Miles A.C.A.

Bowaters Sales Company Limited

Stanley Bell *Chairman*

R. A. Batchelor: Weimar Cross: C. G. Cullen:

P. R. J. Fitt: Robert Knight:

A. Lissenden: F. R. Morley

Secretary: G. T. Holdsworth A.C.A.

The Bowater Steamship Company Limited

Sir Eric Vansittart Bowater *Chairman*

Stanley Bell: E. W. Bostel: C. W. Copelin O.B.E.: D. Duma:

J. C. Goobie: H. M. S. Lewin C.B.E.: A. B. Meyer:

W. J. Kirwan-Taylor O.B.E.

Secretary: G. T. Holdsworth A.C.A.

Bowater-Eburite Limited (*see page 48*)

Other Subsidiary Companies in the United Kingdom

Directors (other than those of the foregoing companies)

E. J. H. Barker: T. D. Botterill: G. R. Fowler: M. J. Fraser:

Dudley Frow: K. F. Jones: R. E. Mayhew: H. S. Mattholie:

W. E. J. Miles: J. G. Rustad: R. C. A. Skynner: J. H. Smith:

R. J. Smith: J. C. Toland: R. N. J. White

Secretaries

G. A. Delaney M.A.: D. P. R. James

The Bowater Organisation

Directors and Officials

Subsidiaries Overseas

The Bowater Corporation of North America Limited *(see page 58)*

Bowaters Svenska Trämassefabriker Aktiebolag *Sweden*

Sune Wetter *Chairman*

Stanley Bell: Göte Enfors

Managing Director G. Johnsson: *Financial Director* B. Bäckman

Aktieselskapet Risor Trämassefabriker *Norway*

Stanley Bell *Chairman*

Christian Anker *Managing Director*

Per Norgren

Bowaters Irish Wallboard Mills Limited *Ireland*

Sir Eric Vansittart Bowater *Chairman*

K. N. Linforth: G. W. Shaw: Arthur Cox: C. G. Cullen:

J. A. Gargan: D. McCullough: The Hon. John Forbes: P. Thomas

R. Shackleton *Manager*

Secretary: D. A. Bell A.A.C.C.A.

The Bowater Corporation of Australia Limited

Sir Eric Vansittart Bowater *Chairman*

F. E. Trigg *Vice-Chairman*

H. S. Archdall: E. W. C. Hughes: K. N. Linforth: J. F. N. McKinnell:

C. G. Rye: R. W. Turner

Secretary: P. C. Goninan

Bowater Paper Company Limited *Australia*

F. E. Trigg *Chairman*

R. W. Turner: J. F. N. McKinnell *Joint General Managers*

H. S. Archdall: R. J. Brideson

Secretary: P. C. Goninan

The British-Australian Paper Company Proprietary Limited *Australia*

F. E. Trigg *Chairman*

H. S. Archdall *Managing Director*

R. J. Brideson: R. Evans: J. F. N. McKinnell: R. W. Turner

Secretary: H. S. Archdall

Bowater Paper Company (Proprietary) Limited *South Africa*

A. Lissenden *Chairman*

H. L. Harvey *General Manager*

G. C. Greenwood

Secretary: B. J. Donaldson A.C.I.S.

The Bowater Organisation

Bankers

United Kingdom

Lloyds Bank Limited
Barclays Bank Limited
Westminster Bank Limited
N. M. Rothschild and Sons

British Commonwealth

Bank of Montreal
Barclays Bank (Dominion, Colonial and Overseas)
Commercial Banking Company of Sydney Limited
English, Scottish and Australian Bank Limited

United States of America

J. P. Morgan and Co. Inc.
Chemical Corn Exchange Bank
Wachovia Bank and Trust Company
The First National City Bank of New York
Hamilton National Bank of Chattanooga
Chase Manhattan Bank of the City of New York

Other Countries

Bank of Ireland
Den Norske Creditbank
Stockholms Enskilda Bank Aktiebolag

Legal Advisers

Linklaters & Paines *London*
Allen & Overy *London*
Finnis, Downey, Linnell and Price *London*
Archibald R. Graustein *New York*
Heward Holden, Hutchison, Cliff, McMaster & Meighen *Montreal*
Stewart, Smith, Mackeen, Covert, Rogers, Sperry & Cowan *Halifax*
Cook and Bartlett *St. John's, Newfoundland*
Hayman, Godfrey & Sanderson *Johannesburg*
Wetter & Swartling Advokatbyrå *Stockholm*
Advokat Per Norgren *Oslo*
A. & L. Goodbody *Dublin*
Arthur Cox & Co. *Dublin*

Auditors

Barton, Mayhew & Co. *London*
Woolger, Hennell, Scott-Mitchell & Co. *London*
Flack & Flack *Sydney and Melbourne*
Deloitte, Plender, Griffiths, Annan & Co. *Johannesburg*
Craig, Gardner & Co. *Dublin*



An Asset to every Nation

This is a moment of first-class importance in the history of the Bowater Organisation. As a result of years of hard work and long-term planning, the intensity of which is perhaps difficult to appreciate by those outside, we have built, bought and expanded so that our manufacturing capacity today is several times what it was at the end of World War II. A great deal of our new plant is now completed and in active operation.

All this constructive work has placed us in an enviable position by raising our economic efficiency. We are therefore well fitted to deal with such adverse tendencies in world conditions as those which have recently shown themselves: their effect has been temporarily to halt the hitherto steady annual increase in demand for the products of many major industries, including the paper industry.

To allow for those new conditions, the production programmes of some of our mills on both sides of the Atlantic have been modified. Such a slowing down, which in former times was a much more frequent trading hazard, may today impress us most as forming a contrast to the high level of production and prosperity which those concerned in the paper industry have enjoyed for a number of years.

While the day-to-day fortunes of industry must be dealt with as they arise, there could be no more opportune time for me to emphasise the permanent contribution which Bowaters makes to the basic wealth of the community by a long-term capital investment policy which has year by year re-equipped, rebuilt and enlarged various parts of the Organisation.

Out-of-date industries, with obsolescent plant and insufficient resources, become a heavy burden to any nation in time of stress. Inefficient production is always expensive; it does not pay the manufacturer or the customer, and is unfair to workpeople, investors, the retail trades and the community at large. *Whenever there is a slowing down in expansion of trade, it is the efficient industries which most quickly help the community to recover.*

Thus it may be said that Bowaters' equipment and technicians—and we have always been proud of both—constitute a major industrial asset to every nation with which they are associated.

The importance of continuing to develop and perfect that asset is very great. Whatever the immediate future may hold, it is clear that in the years ahead the paper industry, like other major providers for man's needs, will face a world of expanding opportunity of which it is difficult to see the limits. In order that we may be ready to grasp these opportunities, we fully intend to complete our present programmes of development, although from time to time adapting them to a certain extent in the light of prevailing conditions.

Bowaters is determined to remain right in the forefront, tomorrow as today.

May 1958

Isabel Bowater



Planning for Tomorrow

Bowaters today, in common with many other organisations, confronts a world situation which is at once a challenge and a strong inspiration to endeavour and success. The prevailing industrial picture is one of uncertainty and change. Seldom has there been a greater incentive to a resolute and hopeful re-appraisal of opportunities in many markets with ultimately rich potentialities.

The facts of 1958 are simply told, though their remoter causes may not be so simple. The papermills of the world have had to reduce their intended rate of production because customers have needed rather less paper than had been anticipated. In some lines of paper and in some areas there has been an absolute slight fall in the volume consumed. On the whole, however, the demand has continued to increase, but rather more slowly than experienced makers and buyers had expected. The overall change in demand has not been great, especially if measured by relation to some static or slow-moving

industry; but papermaking is a strongly expanding industry which must inevitably continue to grow as the nations and their business continue to increase, so that any change in the intensity of demand is more immediately noticed.

The experience of newsprint, our most important commodity, has varied. In the United Kingdom more newsprint was bought in 1957 than for a number of years, yet not as much as the newspapers themselves had hoped to consume. In the United States the tonnage of newsprint consumed in 1957 was less by one per cent than for the peak year of 1956; among the immediate reasons is the lessened pressure of advertisers in search of newspaper space, a change which itself reflects a general quietening of trade. One result of the situation is that newspapers' own stocks have proved larger than their actual needs, and consequently publishers have tended for the time being to order less from the papermills.

The complex economic and political

conditions which have combined to lower the pace of trade in many countries have had some effect on all the principal industries and need not be explored here. It is important to remember, however, that these conditions have arisen at a moment when the paper industry, by its own efforts and by prolonged programmes of construction, has placed at the world's service a greatly enlarged, far more modern and therefore more efficient range of manufacturing plant.

The present plentiful paper supply is the result of carefully prepared development, essential to business at large. We have long been aware that, if development was to be effective over a broad field, productive capacity would at some phase catch up with demand, a situation whose effects would obviously be temporary so long as world demand continued to rise. The paper industry is now in that phase, and one of the factors influencing the duration of the phase is the effect of general trading activity on newspaper publishing in many lands.

Meanwhile the long-term outlook which is so important in paper manufacture must, of course, be maintained. In fact, the existence of many efficient and profitable papermills today is the result of far-sighted vision in past years. Paper-makers can never afford to "wait and see". In order to be able to supply a product which is economically acceptable to both papermaker and consumer, highly expensive plant is required which takes much time to build and bring to the point of production.

The successful reconciling of long-term development plans for paper with short-term fluctuations in many industrial markets is, in the last resort, a matter of judgment and experience. In this matter we of Bowaters draw upon the unique experience which we are fortunate enough to enjoy as major and long-established makers of pulp and paper in such diverse areas as Britain, Canada, the United States and the Scandinavian countries.

Typical development for efficiency is the entirely new handling equipment in Kent which lifts coal from ships' bunkers, carries it some 1,300 yards, and stacks it at the Kemsley Division mills.

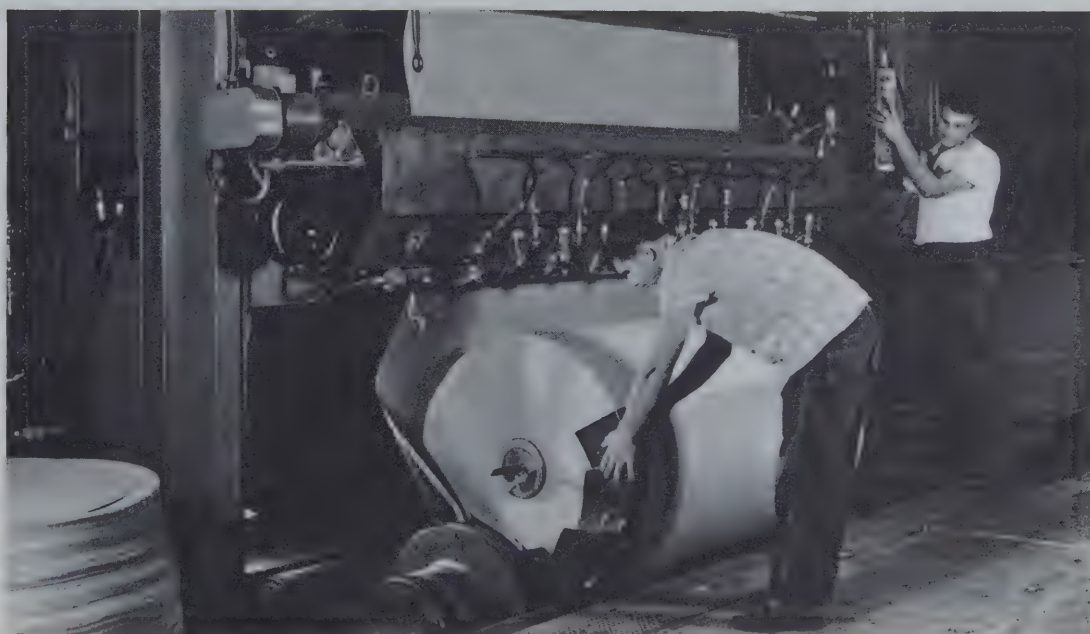
Kemsley's new £2,400,000 one-boiler re-heat power plant produces more power than seventeen former boilers and uses 50,000 fewer tons of coal a year.

A steam pressure main of original design runs across two and a half miles of country so that Kemsley and Sittingbourne Divisions can get the steam that is vital for their papermaking—from one power plant.





High speeds are essential to economic newsprint manufacture. Bowater newsprint machines have achieved world records for sustained production speeds of 2,300 feet per minute. Associated with such machines (ABOVE) is slit-and-reeler plant handling the new-made paper at more than twice this speed—nearly a mile a minute.



Semi-automatic wrapping (RIGHT) saves precious time.

Bowaters' Development Programmes are Geared to a Competitive Future

Our immediate task today is to pursue our main course of development, which is so important to the continued efficiency of the Organisation in meeting customers' demand in an increasingly competitive future. Our plans for the modernisation and expansion of mills in Britain and North America were not originally devised as rigid programmes, but were designed to develop in harmony with the changing technical and marketing requirements of our various products. All stages of development through the years have therefore been conditional in their timing, and will continue to be phased to come into operation to meet current conditions.

We have been erecting buildings and preparing for the installation, one at a time, of two new paper machines in each of three plants at the Mersey and Thames Divisions in England, and in Tennessee, and for the co-ordinated expansion of all ancillary equipment of those mills which has to keep in step with the capacity of the paper machines. This is sometimes a slower business than we could wish, but we are pressing forward in the years immediately ahead. Early in 1957 the new Number Three machine at Tennessee began its triumphant career, and Number Four will start up in a few months' time. Our United Kingdom Mersey Division also welcomes the completion of a new machine this year.

We have done, and continue to do, a great deal of work at Corner Brook with a view to the improvement of various ancillary processes and even more efficient production than in the past.

Our Mersey (Nova Scotia) mills, which have for so many years enjoyed such a high reputation for efficiency throughout the entire Canadian paper industry, are keeping up their high standard by continual detailed improvement of equip-

ment and methods throughout their plant. The operations of our British mills in the fairly near future are closely connected with our present important constructional activities in South Carolina, where we have prepared the site for the new pulp mill which we are building at Catawba. This plant, in the heart of large areas of well-timbered country, will supply substantial quantities of the pulp required by our United Kingdom mills. At present large supplies of pulp are shipped to Britain from our Tennessee plant, but most of this Tennessee pulp will soon be required to feed our four paper machines on the spot.

For many years our Organisation has emphasised its policy of applying, wherever practicable, a steadily increasing practice of diversification, and never has the wisdom of this policy been more evident than at this period of hesitancy in world trade. Diversification means that we can increasingly choose to make different kinds of products for the varying markets of different industries and countries, with correspondingly favourable trading results. Highly diversified, for example, are our mills at Sittingbourne in Kent, where roll coated and other printing papers as well as business stationery and packaging papers are produced. Here 1957 has seen efficient production work and good sales liaison in connection with every product, equally those marked by sharply rising demand and those affected by the general trade slow-down. Roll coated papers are a notable Bowater product, and the continued improvements which we make in them contribute much to their success throughout changing market conditions. The Sittingbourne mills have been making most of our kraft (strong brown) paper and paperboard, the bulk of which goes to our allied plants for conversion into packaging products. The transfer early this year of the major part of our kraft production to Ellesmere Port, in Cheshire, as part of the planned development of the Mersey Division, has freed some of the Sittingbourne plant to manufacture other

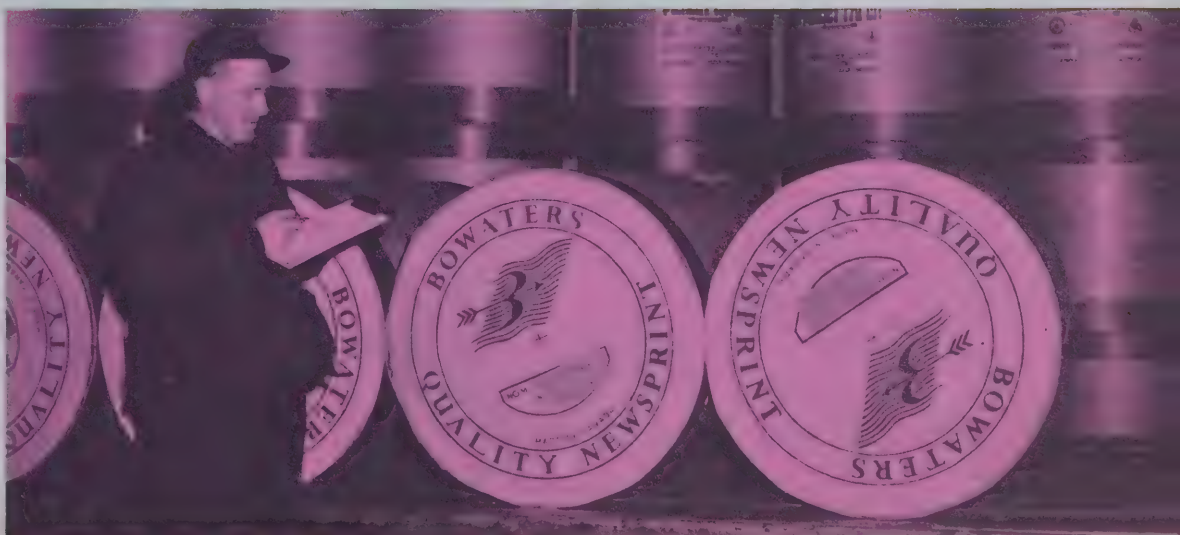
In paper mills as elsewhere it is often the revolutionary yet basically simple characteristic which points to imaginative technical leadership. At Bowaters' Tennessee mills is this 500-foot-wide logpond, the world's first large-scale underwater wood storage.



Our mills at Corner Brook, among the largest of their kind in the world, will benefit by the completion of our hydro-electric generating plant on the Corner Brook River, which adds 13,600 horse-power to the existing 156,000 horse-power Bowater-generated supplies.



Noted throughout North America for their long-standing efficiency, our Mersey (Nova Scotia) newsprint mills have a valuable and long-standing connection with famous newspapers in New York, Washington and other great American cities. The mills use ships of the Bowater fleet.



INTEGRATION IN ACTION

MERSEY DIVISION

REEL STORES

BOILER HOUSE

BOILER HOUSE
EXTENSION
POWER HOUSE
EXTENSION

POWER HOUSE

1 & 2 MACHINES

3 & 4 MACHINES

5 & 6 MACHINES

LABORATORY

OFFICE BLOCK

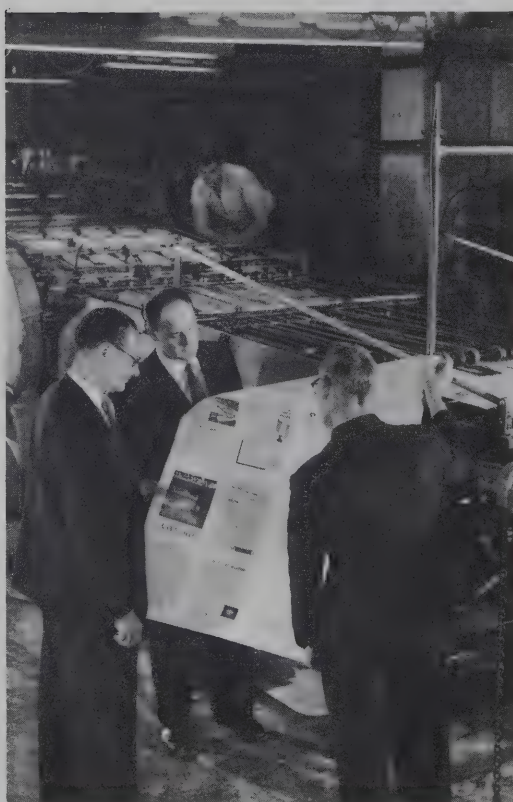
PULP STACK
BAYS

NEW PREPARAT
PLANT FOR 5
MACHINES

WELFARE BLDG.

kinds of paper. With this in view, experiments continue to be made, and indeed a range of completely new lines has already been manufactured. Several of these have just been marketed with encouraging results. The spread of the offset lithographic and gravure processes as methods of printing books has opened a wider field to the papermaker, and we continue to seize all such opportunities for our appropriate papers.

The continuing growth today of paper-backed books for general reading is particularly welcome to us, and we are proud to have been for a number of years the principal supplier of paper to one of the greatest publishing successes of the century, Penguin Books. Other prominent paper-back publishers have recently become our customers.



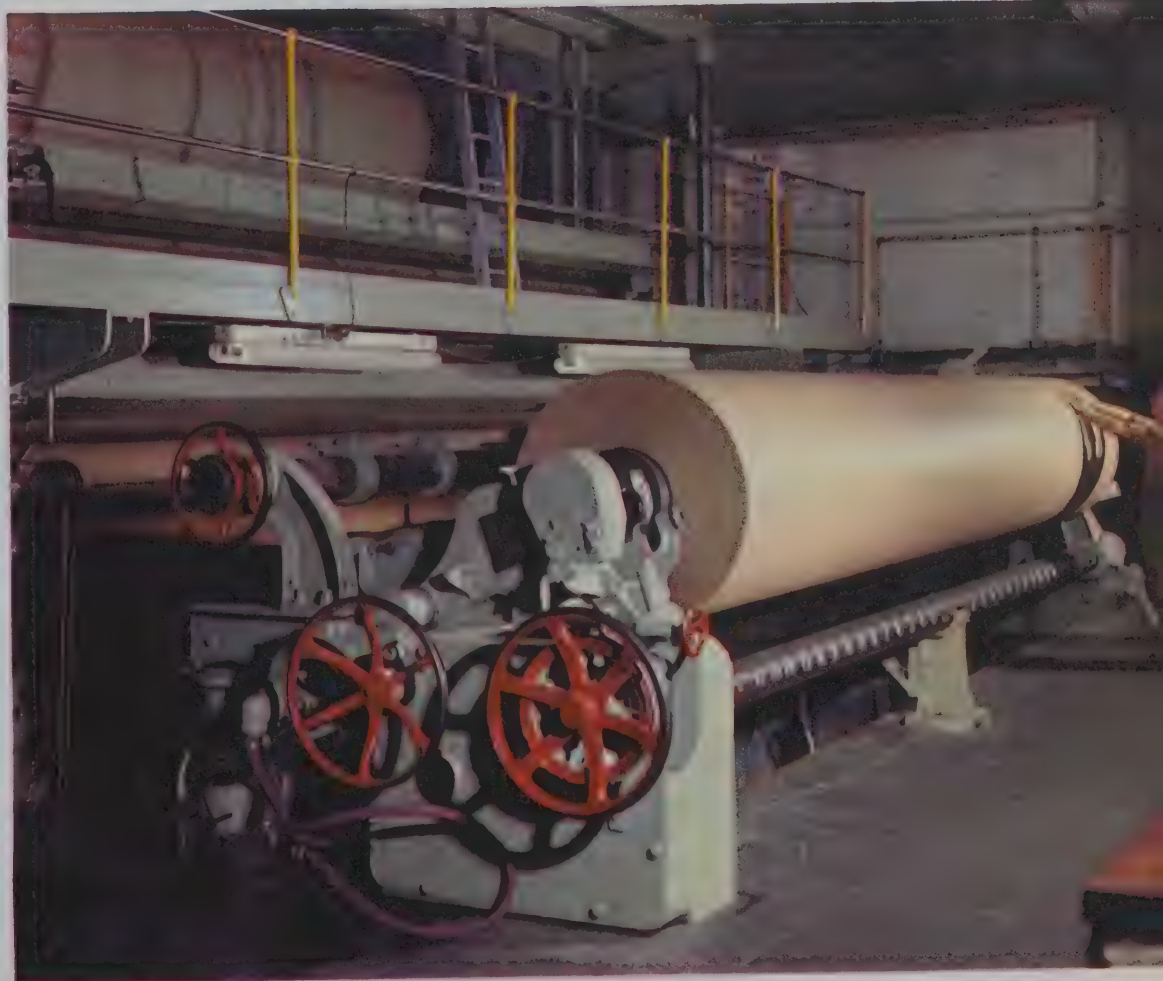
High speed printing in four continents for mass circulation readerships is the destination of much of the magazine papers produced in our United Kingdom mills; and one of the important functions of our Sittingbourne-made roll coated papers is to meet the growing needs for quality magazine printing.



'Line production' was the streamlined blueprint idea behind the newly expanded Ellesmere Port site of the Mersey Division in Cheshire.

Part of the mill makes kraft, which goes straight to two adjoining conversion factories.

The blueprint came true this year. The kraft—up to 1,000 tons a week—comes off one machine and passes direct to the expanded multiwall sack factory and the brand-new corrugated case factory, as well as to other Bowater-Eburite converting plants in the United Kingdom.



Bowater-Eburite Packaging Groups

Bowater-Eburite Fibre Containers Limited

Makers of corrugated fibreboard containers, corrugated paper and board—used for: foods, soap, detergents, pharmaceuticals, whisky, paints, lubricating oils, glassware, television sets, instruments, sewing machines, flowers, fruit, vegetables, eggs, chicks—and other products.

Bowater-Eburite Bulk Packaging Limited

Makers of fibre drums and multiwall sacks [and sack-filling equipment]—used for: chemicals, textiles, electronic equipment, wire, fertilisers, plastic powders, cement, cattle foods, sugar, flour, cocoa powder—and other products.

Hunt Partners Limited

Makers of folding cartons, rigid and fancy boxes and confectionery boxes—used for: chocolates, cakes, sugar, cooking fats, whisky, perfumery, shoes, photographic supplies, fancy goods, games and toys, soap powders, office supplies, small engineering products—and other products.

Bowater-Eburite Flexible Packaging Limited

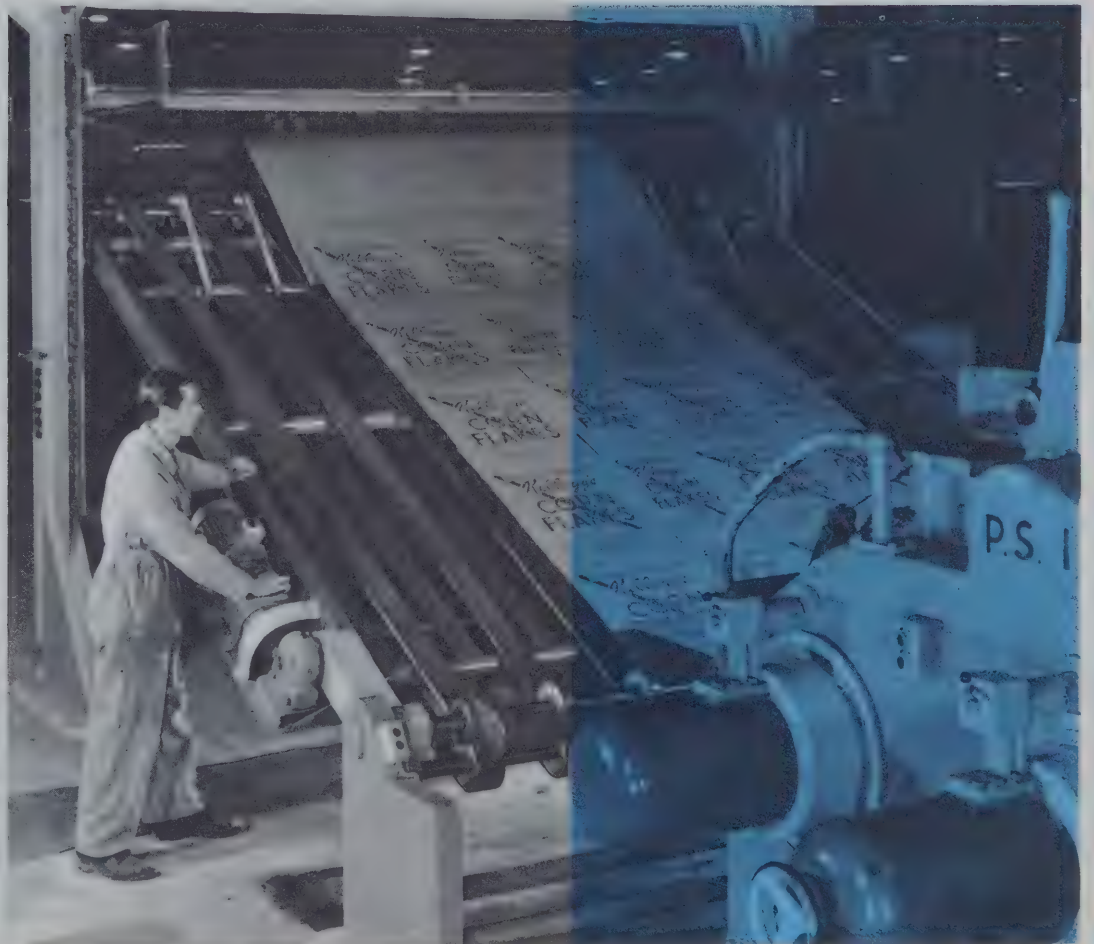
Makers of paper and film bags, aluminium foil ware and capsules, paper spiral tubes and crimp cups—used for: a very great variety of foodstuffs—especially bakery, confectionery and frozen foods; an endless range of products displayed and sold in bags—from nylons to split peas; many products handled in the roll—carpeting, linoleum, etc.—and other products.

Importance of Packaging: Vital New Organisation in Being

More than half the paper and board produced in Britain by all manufacturers is used as packaging material. Our Organisation has for many years, as part of its policy of diversification, devoted great attention to this important market, and has built modern factories close to big centres of population in order to convert kraft and other papers from our main mills into various packaging products. In the last two years we have become associated in Britain with companies of the Eburite group, well known as go-ahead and successful packaging manufacturers, and more recently the extensive packaging interests of Associated Bowater Industries, of the new Bowater-Eburite partnership, and of Hunt Partners have been merged under a single control. The new company, Bowater-Eburite Limited, now directs the manufacture of a wide range of packaging products through the operations of four groups, details of which are given in a panel on this page.

Among the newest factories of these packaging groups is the recently built corrugated case factory at our Mersey Division site at Ellesmere Port, which came into operation in the summer of 1957. It has as its main equipment one of the most advanced corrugators yet to be installed in Europe, and a four-colour printer-slotter unit which is one of the very few in Britain. The factory is one of a chain of four, strategically located north and south of London, and near Liverpool and Glasgow.

Corrugated fibreboard is by way of becoming an all-but-universal packaging material, owing to its lightness, strength, economy and expendability, its suitability for attractive printing and its capacity



The new corrugated case factory at Ellesmere Port, specialising with three other plants in this increasingly sought-after type of packaging, has one of the most advanced corrugators in use in all Europe (ABOVE), and a four-colour printer-slotter machine (RIGHT) of a kind still rare in the British packaging industry.



for being designed to fit any shape of product.

Bowater-Eburite packaging factories in all number thirteen, and they all benefit from the raw material resources of an Organisation such as ours, geared to an overall output of pulp, paper and other products in excess of 1,500,000 long tons a year. The Ellesmere Port layout is notable in that an integrated group of industries is now located on one vast site, alongside a deep-water dock, and sharing such services as steam, water and power. Newly manufactured kraft paper or paperboard can go straight from a paper machine in the main mills of the Mersey Division to the Bowater-Eburite multiwall sack and corrugated container factories but a few yards away, to be converted into a variety of packaging products which are now a familiar part of the British scene.



LEFT

Within four years the output of British pre-packed foods has multiplied several hundred times—resulting in greatly increased demand for cartons, another Bowater product, made by Hunt Partners. Our designers have proved that the picture on the package is the real salesman in any self-service shopping.

TOP RIGHT

Famous names—and famous sacks. They come from our Ellesmere Port multiwall sack factory, which claims that its colour-printing of sacks is unsurpassed in Britain. Every sack is someone's travelling poster.

BOTTOM RIGHT

Between them, the packaging products of the thirteen British factories run by our Bowater-Eburite groups are responsible for holding, carrying, storing, protecting and displaying almost every kind of article that changes hands in trade and industry.





New Tissue Products from the Newest of Mills

The new Bowater-Scott tissue mill on the greatly enlarged site of our Thames Division at Northfleet, Kent, came into production last summer, incorporating some of the newest equipment of any tissue mill in the world, and during next winter a second primary tissue machine will come into action. The operation of a tissue mill falls into two parts; first, large reels of tissue are manufactured from special pulp on a high-speed tissue machine; then, this primary tissue passes to one of several conversion departments, where it is made into the finished products—toilet tissue, facial and other hygienic tissues, and paper handkerchiefs—which are packaged ready for distribution. Ingenious machinery provides for cutting the tissue to size and either rewinding it in rolls or folding and packing it flat. All tissue is absorbent, and some is also made to retain its strength even when saturated—the celebrated “wet-strength”.

The Northfleet mill is in a very special way the outcome of close Anglo-American co-operation, and the first result of this teamwork is the manufacture at Northfleet of the new wet-strength facial tissue “Scotties”. This is only one of a series of new products: this summer will see the appearance in Britain of another, a single-ply soft toilet tissue named “Scot-Tissue”, for which a large market is assured.

The new products take their place in an existing range of tissues of high reputation. The new Northfleet mill and the older St. Andrew mill on the north-east edge of London carefully integrate their production, and such well-established lines as the high-quality “Andrex” toilet tissues, the “Handy Andies” three-ply tissue handkerchiefs, and the robust paper hand-towels for industry continue to find their way into widening markets.

A cathode ray tube, nestling in protective woodwool in one of our fibre drums, rolled plastic film snug inside another, heavy and sensitive chemicals in a steel-rimmed plastic-lined Supakask—all travel safely in and out of loading bays, rail stock and road vehicles.



The opening year of the new Bowater-Scott tissue mills' career at the Thames Division site has seen the launching of "Scotties" facial tissue. Another new product, "Scot Tissue" toilet tissue, will shortly join the well-known "Handy Andies" and coloured "Andrex" toilet tissues.



Bowater-Scott products have an important export connection, and there are already selling agents in fifty countries.

Industry finds more and more uses for hardboard. Bowater Board, of wide-ranging versatility, is much in demand for accurate assembly use.

Tougher Building Board Has a Decorative Future

The Building Boards Division, one of many active and enterprising divisions in the Bowater Organisation, has recently benefited by the bringing into operation of new plant at our board mills at Athy, Co. Kildare, in Ireland, the raw material for which consists entirely of Irish wood. The new extensions to the mills have been built to house some of the most modern board-making machinery, a step in a programme of development designed greatly to increase the output of the mills, and still further to improve quality. Additional de-fibrating machinery has been installed which produces wood fibres from which hardboard of exceptional strength and appearance can be made. New tempering chambers for improved heat treatment increase both density and hardness. Improved humidifying plant has been installed to ensure stability of the board when exposed to climatic change.

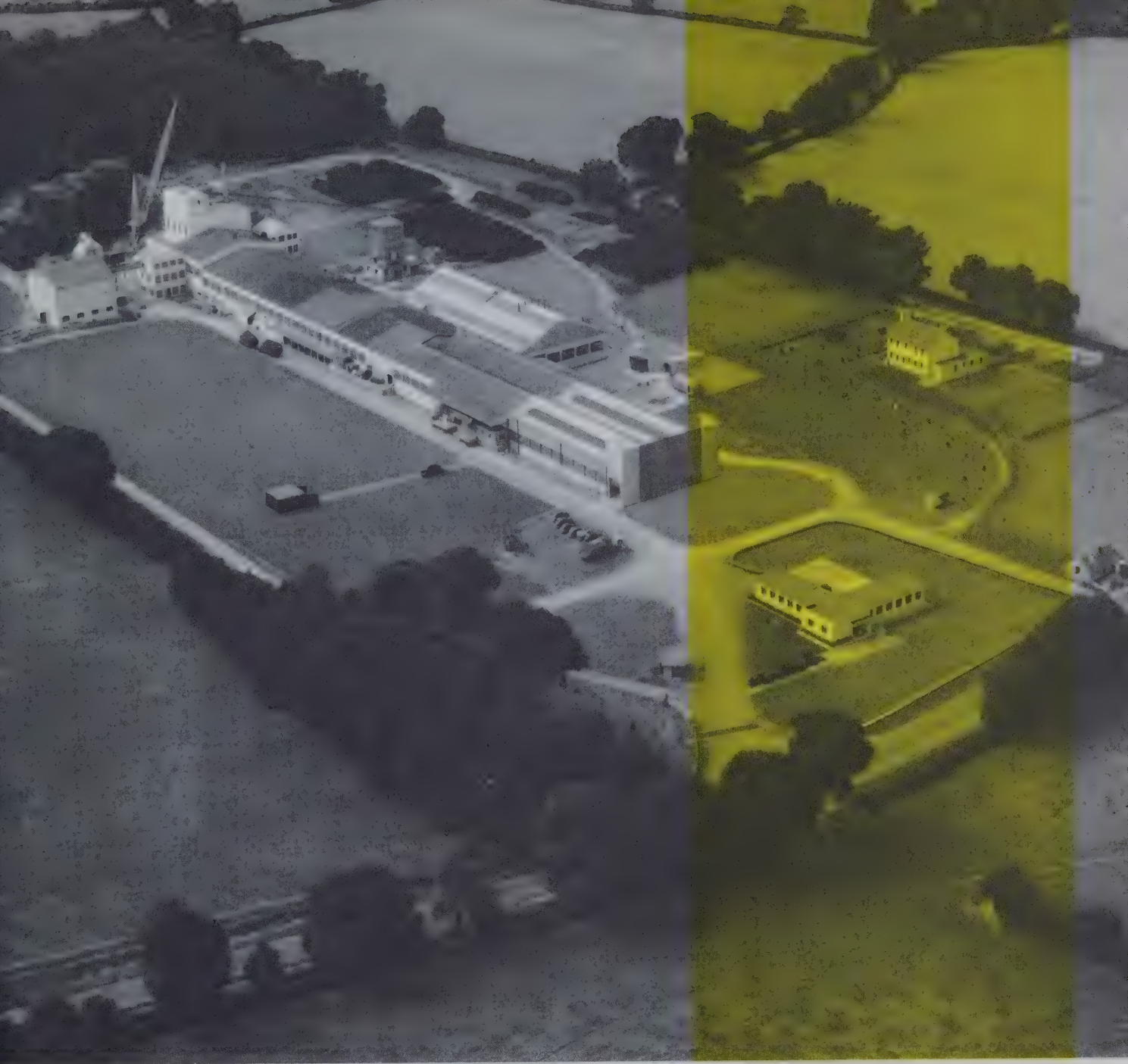
The improvements now rendered possible by these perfected techniques have a strong bearing on the many industrial uses of the product. The strength of the board, its resistance to shrinkage and the cleanness with which shapes can be stamped out are attractive to manufacturing industries; these qualities are paramount for makers of radio and television sets, and are responsible for bringing many orders from makers of mass-produced cars.

The Athy board mills and those at Kemsley, close to our great newsprint mills in Kent, share between them the task of turning out Bowater Board. Hardboard is now not only structural but decorative, and the pegboard, reeded and

Heating of large spaces is both practical and economical when Bowater Insulation keeps the heat from leaking away.

Acoustic panels absorb distracting noise and take their unobtrusive place in the contemporary interior.





Extensions and new equipment have greatly strengthened both output and quality at our Athy mills in Ireland, which share with the hardboard mills at Kemsley in Kent the production of Bowater Board. A new range of decorative surfaces has added to the growing appeal of our products.

Our research team has recently developed this new Bowater product—the Thermal/Acoustic Panel, doubly insulating as well as attractive in appearance.



leather-grained boards are increasingly seen in modern buildings. Acoustic panels, with their success in absorbing noise, have a growing market, and Bowater insulating board is famous for the service it renders to industry by keeping workers warm while eliminating expensive fuel losses.

A hardboard mill is also to be installed at Catawba, South Carolina, at which Bowater Board for the United States market will be produced—alongside our pulp mill now under way.

New Launchings Strengthen our Pulp and Paper Fleet

Some of our responsibilities take us into fields which are auxiliary to papermaking, though of great importance. For example, an organisation of our size shifts a vast tonnage of materials about the globe, and the availability of shipping space just when we want it gives us a real economic advantage; we have therefore owned ships for many years. Our new post-war fleet is steadily growing, with the intention that ultimately some fifty per cent of our ocean cargoes can be carried in our own vessels. The continued and regular chartering of space in other ships must always remain a part of our policy.

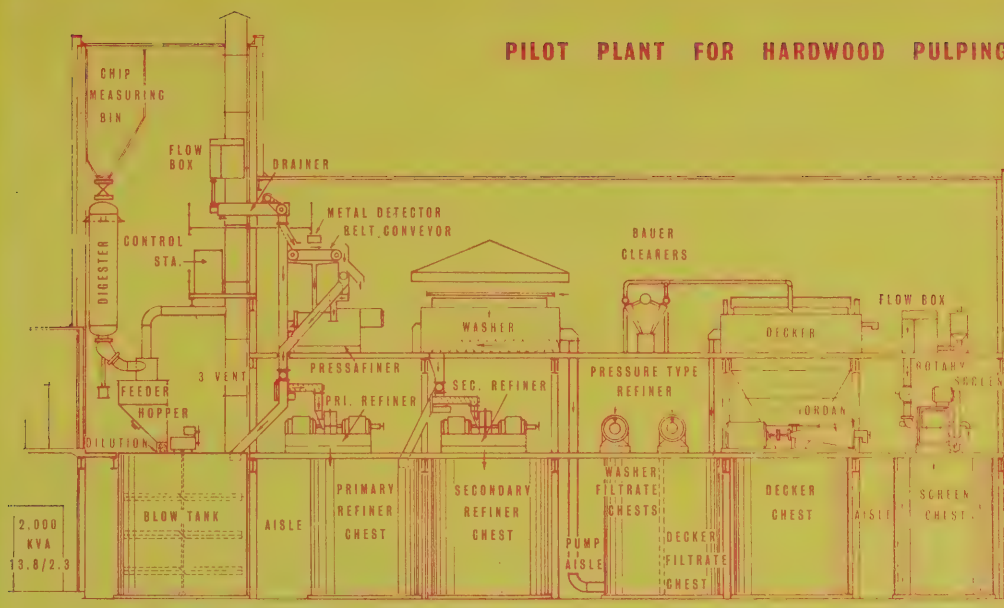
During the opening months of 1958 some new units have been added to our fleet. The third in her class of special fast newsprint carriers, the *Nicolas Bowater*, flagship of the fleet, was recently launched at Dumbarton, on the Clyde. Like her sister-ships, the *Margaret Bowater* and *Sarah Bowater*, launched in 1954 and 1955, the newest carrier is a steam-turbine vessel, of 8,500 tons deadweight. We have also had on the stocks some smaller carriers of raw material—pulp and pulpwood—of 5,400 tons deadweight. Two of these were launched early this year, and two more are due before the summer is out. All will be in commission by the end of 1958.



Flagship of our fleet, and third of her class of fast newsprint carriers the Nicolas Bowater (8,500 tons deadweight) is seen at her recent launching on Scotland's Clyde. The 5,400-ton pulp and pulpwood carrier Elizabeth Bowater (LOWER) has also been launched this year.

Successful Research in Planning for Tomorrow

Closely linked with our world-wide structure of production and sales is our organisation for research and development which we have taken every opportunity of strengthening in recent years. In the United Kingdom the Bowater Research and Development Company Limited and in the United States Bowaters Research



Keeness in research is one measure of an organisation's alertness. Bowater brains are active all over the world. Following the success of our experimental pilot plant at Tennessee, we are now building a production plant to make pulp from hardwood, which will increase the yield of Southern woodlands.

and Development Incorporated carry the main burden of long-term development, in the closest association with the marketing and manufacturing sides of the Organisation, and a great deal of technological pioneer exploration is forever in progress. Modifications in papermaking processes take time to apply, but once we are satisfied that the efficiency of a process can be improved we waste no time in improving it.

Among many recent instances of fruitful research, our share in the University of California experiments in hardwood pulping, and the pilot plant we put into operation at our Tennessee mills, have placed us in a favourable position. As a result we are constructing a hardwood pulping plant which will enable us to make use of this class of wood. Thus our acres of timberland in the South and the properties of countless farmers and land-owners who sell us wood will enjoy an increased yield.

Our experts are pitted against the best brains of other leading paper organisations in Europe, North America and elsewhere, and much of our future achievement depends on successful preparatory work for development. It is in the laboratory, as well as in the mill and in the counting-house, that we are energetically planning for tomorrow.



Expanding Continents

A Manhattan skyline in the Southern hemisphere—that of expanding and prosperous Johannesburg—suggests the extraordinary pace of South African industrial development.

The Future Holds Much for the Paper Industry

The most important thing in the Bowater Organisation is *tomorrow*. That is why we have achieved our present position. We always try to see round the corner into the future, and to anticipate progress rather than to wait for it.

What does the future hold for us? A very great deal, we believe. In the descriptive pages included with the Annual Reports for 1955 we stated: "Our whole Organisation has for long been at grips with the

Expanding Continents

America leads the world's newsprint markets. The statistical curve of newsprint consumption in the United States is intimately linked with that of the American population. The Government Bureau of Census forecasts that there will be 21,000,000 more Americans in seven years time.



*Actual and estimated
population U.S.A.*

*Newsprint
consumption U.S.A.*



problems of 1960 and beyond." Today our Chairman, in a Foreword to these present pages, writes: "This is a moment of first-class importance in the history of the Bowater Organisation." For we are now within little more than eighteen months of the year 1960. Already our sights are aligned on the further years well ahead; world conditions are changing, and future patterns of trade are beginning to show.

The general needs of the future are not hard to see, even though market variations from year to year are subject to many influences that defy exact prediction. The consumption of newsprint and of other kinds of printing papers is closely linked with the size of urban populations of industrially developed areas. The growth of population in those areas indicates that existing and planned productive capacity will again be unable to meet requirements in the nineteen-sixties.

In the United States alone, which sets the level of world newsprint demand, the Bureau of Census forecasts that the population will rise by about 21,000,000 in the next seven years, a figure well over one-third the size of the entire population of Britain. Calculations of future paper consumers are not based on mere inference; for example, the people in every country who will grow up to become new newspaper readers in the next ten years have already been born and are now at school.

In countries of more recent development the growth of the reading population can be impressive. South Africa's present rate of industrial expansion is remarkable, and it is perhaps not surprising that in the space of five years the total number of children in all South African schools increased by more than twenty per cent.

It is evident that paper, like food, will always be essential to man, even though the peaks of demand may fluctuate. Paper, indeed, is more and more associated with modern food manufacture and distribution. One British food manufacturer

alone spent nearly £5,000,000 on packaging material in 1957, and this is only one example of a large number of corporations which increasingly distribute branded and pre-packed foods. In 1957, too, one-third of all personal expenditure in Britain was devoted to food, and that third accounted for nearly £10,000,000 a day.

It is not enough to realise that more paper products will be needed; one must also ask *where?* By successfully answering that question in bygone years we have graduated as an international organisation, now deriving seventy per cent of our revenues from outside Britain. We are therefore very actively investigating the European Free Trade Area scheme, and its bearing on trade between Britain and other European countries. One immediate effect of the scheme would be to place at Britain's door a market of some 250,000,000 people, one even larger than (though not so rich as) the United States.

European Free Trade Will Favour Efficiency

Careful surveys carried out on behalf of British interests, including the Government, leading industrialists, employers' organisations and trade unions, have concluded that the plan would raise industrial efficiency, encourage international specialisation and economical large-scale production, and would, on the whole, favour large concerns having substantial resources and low costs.

In some ways paper would not share the favourable position of other British industries, because the plan could bring British and Scandinavian papermakers, who represent the two leading paper-producing regions outside North America, into close competition in Europe and even perhaps in the United Kingdom. The Scandinavians have the advantage in cost of growing their raw material on the spot, but *The Economist Intelligence Unit*, in a



consumer market of some 250,000,000 people is envisaged by the proposals for a Free Trade Area Europe. Six countries—France, the Federal Republic of Germany, Italy, the Netherlands, Belgium and Luxembourg—have already agreed to establish, by stages, a common market which will be an economic and customs union with no internal tariffs, but a common external tariff. The discussions for a Free Trade Area envisage the extension of the principle of a customs union to other European countries, allowing, however, each participating country which is not a member of the common market to retain its individual tariffs in regard to countries outside the area.

special survey, suggests that there are obstacles, partly financial in nature, which would prevent Scandinavian expansion being of any very rapid kind.

The Economist Intelligence Unit calculates that, under the Free Trade Area plan, imports of European paper into Britain, which are now of long standing, would rise very slowly over a period, but that British home demand would rise slightly faster, so that the home demand for the product of the British mills would not only continue but would also continue to grow.

Increasing specialisation in the main paper-producing countries, it has been suggested, would lead to each country eventually exporting the kinds of paper it can best manufacture.

What is clear, if the Free Trade Area plan takes the course foreseen, is the inevitability of greatly increased general export trade of British industrial products, and the continued growth in demand for paper and fibreboard as packaging materials. Modern exports are very much a paper-borne activity, so that Britain's national prosperity is, in almost a literal sense, bound up with paper.

Such is the picture. We, for our part, accept the challenge of this time of change and growth. We at Bowaters are no believers in an unchanging pattern, as all our history shows. Our search for new markets, for a continual spreading of costs by greater and more efficient production, has led us in turn to sally out from our original Thames mills to found new mills in the North of England, then to acquire pulpmills of our own in Scandinavia, next to cross the Atlantic and establish ourselves in North America at Corner Brook in Newfoundland, yet again to select an empty field in Tennessee in which we built one of the world's finest papermills, and most recently of all to bring into the fold the famous Mersey mills in Nova Scotia. Where we did not see fit to build or buy mills, we merchanted paper.

This we have done in Australia and South

BOWATERS ACROSS



THE WORLD



- Mills
- Conversion Plants
- Sales Offices
- Sales Agents
- China Clay Mine

Africa, besides selling Bowater products there: in recent years in Australia we have sold over a million pounds' worth of paper made in one mill in Victoria alone. Often we have bid for success at dark moments. We moved to the North of England in the teeth of the worst industrial depression within living memory; we took over control of Corner Brook as the clouds of a World War were gathering; we set out to found a United States mill when Britain at home was in the depths of post-war austerity.

But if that is the "Bowater way" it is never determined by impulse or expediency. Prolonged planning and market research have preceded each move. Tennessee was

not built in a day, for although the mills were speedily constructed in a physical sense, they were the result of years of contingent planning, carried out before we even started looking for a site.

Equally, today's situation does not find us unprepared. We believe that the present tide in world markets is not inconsistent with an increasing demand for paper in future years or with growing opportunities for Bowaters. As our Chairman has made clear, "*we fully intend to complete our present programmes of development,*" subject only to certain revisions in timing to meet a changing situation.

Wherever paper is wanted, Bowaters will be there.



Expanding Continents

Australia's progress and drive in technology, and her continual large intake of new families in recent years, are important factors in her current industrial expansion. Bowaters has long been established in the Australian market, not only as an importer but as a large-scale merchanting organisation.



Directors' Report and Accounts of

The Bowater

Paper Corporation Limited

Directors' Report

To the members

The Directors present accounts comprising the Consolidated Statement of Profit and Loss of the Corporation and its subsidiary companies for the year ended 31st December 1957 together with the Consolidated Balance Sheet and the Balance Sheet of the Corporation itself as at that date.

In the past it has been the practice to include in the accounts book of the Corporation the reports and accounts of its principal subsidiary companies, but in view of the great expansion in the Corporation's activities in recent years, it is felt that our stockholders may gain a clearer appreciation of the Corporation's affairs if the number of accounts is reduced. Accordingly on this occasion the report and accounts of your Corporation are accompanied by the Directors' Report and Consolidated Accounts of Bowater-Eburite Limited—now the subsidiary through which our packaging businesses are conducted—and by the Directors' Report and Consolidated Accounts of The Bowater Corporation of North America Limited, through which our affairs on that continent are administered. The affairs of the other principal subsidiary companies are, however, dealt with as appropriate in one or other of these reports.

For the convenience of the many stockholders of The Bowater Paper Corporation resident in North America there is again included the accounts of your Corporation expressed in dollars, but it must be emphasised that these do not form part of the official accounts.

Bowater-Eburite

During 1957 steps were taken to broaden the basis and widen the scope of the Organisation's interest in the important field of packaging. In May of that year there was acquired, in exchange for Ordinary Stock of your Corporation, the whole of the issued Ordinary capital of Hunt Partners Limited, a leading manufacturer of cartons and rigid boxes in the

United Kingdom. Shortly thereafter that business, and the remaining packaging businesses until then owned by Associated Bowater Industries Limited, were sold to Bowater-Eburite Limited, in which company your Corporation had acquired a substantial interest in 1956. The consideration for the sale of these assets was satisfied by the issue to the Corporation of Ordinary Shares of Bowater-Eburite, it being a condition of the sale that your Corporation would not be entitled to a dividend in respect of any year ending prior to 1st January 1959 on such of those shares which were held to relate to development projects in progress at the time of the sale and not then having reached the revenue-earning stage.

In September 1957 an offer was made to and accepted by the Preference shareholders in Bowater-Eburite Limited to exchange their holdings for Preference Stock of the Corporation. A similar offer was made to the Preference shareholders of Hunt Partners Limited and was accepted by all but one major shareholder whose interests are of a special nature linked with the earlier financing of that company.

The Consolidated Accounts of Bowater-Eburite Limited are to be found on pages 51 to 56 from which it will be seen that trading profits amounted to £1,415,900. By reason of the foregoing reorganisation, and the coming into operation of the new corrugated container plant at Ellesmere Port and the additional equipment installed elsewhere, these profits are not readily comparable with those of the previous year. There was a satisfactory increase in the turnover of the companies now comprising this packaging group but it was achieved in the face of intense competition and, in common with others engaged in that industry, the companies suffered a further shrinkage in profit margins.

After providing for depreciation and taxation and allowing for profits retained by subsidiaries, the net income for the

year amounted to £644,600. The Directors of Bowater-Eburite have decided to recommend a final dividend of 9d. per share on the shares presently ranking for dividend. Together with the interim dividend the effective distribution for the year, after taking into account the scrip issue made in July last, is 11d. per share representing a distribution at the same level as for the previous year.

The North American Corporation

On pages 60 to 66 are to be found the Directors' Report and Consolidated Accounts of The Bowater Corporation of North America Limited. That report deals fully with the affairs of the subsidiary companies in North America, but your attention is invited to certain aspects of our operations on that continent.

Despite a sharp falling off in demand in the closing months of the year, the North American companies in the aggregate achieved the highest level of production and sales so far attained. Consolidated earnings include on this occasion a full year's operations of Mersey Paper Company Limited, Nova Scotia, which became a member of the Organisation at the beginning of May 1956, but that company, and indeed all our mill companies, has, in common with the papermaking industry generally, been burdened by further increases in the cost of wages, raw materials and other supplies which, despite increased capacity and greater operating efficiency, have not been wholly offset: furthermore, the earnings of both of our Canadian mills were again adversely affected by the discount on the United States dollar, in which currency by far the larger part of their production is sold.

In April 1957 the mills of Bowater's Newfoundland Pulp and Paper Mills Limited suffered a near-disastrous fire, from the effects of which they have not yet completely recovered. The company was fully insured against the damage sustained and the consequential loss of profits, but the full extent of the claim has not as yet been finally determined; for the purpose of the accounts under review, the Directors of that company have made a provisional assessment in excess of \$4 million and have indicated that the claim when finally computed is expected to exceed that sum by a substantial amount.

The mills of Bowaters Southern Paper Corporation, Tennessee, again enjoyed a successful year, its three newsprint machines having operated to capacity. The installation of the fourth newsprint machine announced last year is

progressing according to plan and it is expected to come into operation at the year's end.

As previously stated, restrictions are imposed on the distribution of the Southern Corporation's profits by the terms of issue of its prior charges and, while the outlook appears less favourable than for some years past, the Directors of that company remain of the opinion that, in the absence of unforeseen circumstances, it should still be possible to commence the payment of dividends on its Common Stock in respect of the year 1959.

The Bowater Power Company Limited, Newfoundland, also enjoyed a satisfactory year's operations; it is expected that its new hydro-electric development on the Corner Brook river will be completed and in operation in June 1958.

The finance for the development projects in North America—including the new sulphate pulp mill in Catawba, South Carolina, the erection of which is now in progress—has already been provided or arranged for in the form of prior securities and equity capital. To enable The Bowater Corporation of North America Limited to subscribe for the whole of the equity capital involved, your Corporation has agreed to subscribe in cash, at a stated value of \$5 per share, for a further three million shares of no par value in the Common capital of the North American Corporation.

The consolidated profits of the North American Corporation and its subsidiaries amounted to \$31,845,000 by comparison with \$28,404,000 for the previous year. After providing for depreciation, interest, taxation, and deducting dividend payments and retentions by its subsidiary companies, the net income of that corporation for the year was \$4,150,000.

Bowaters United Kingdom Pulp and Paper Mills

Your principal subsidiary in the United Kingdom—Bowaters United Kingdom Pulp and Paper Mills Limited—has continued to progress with its development programme, towards the financing of which your Corporation subscribed in cash at par for a further seven million Ordinary Shares, making the total issued capital of that company £20 million, all of which is owned by your Corporation.

Throughout the year under review the mills of the various divisions of that company operated substantially to capacity—including for the first time a full year's operation of the sixth paper

machine at the Kemsley division. In the case of this company's four mills also, costs of production continued to rise and the benefits which might otherwise have been derived from its increased capacity and greater efficiency did not in the prevailing circumstances materialise and the profits of the company were at a lower level amounting to £3,512,000 by comparison with £3,835,000 for the previous year.

The fifth paper machine to be installed at the mills of the Mersey division at Ellesmere Port recently came into operation, prior to which one of its four newsprint machines was converted to the production of kraft papers, principally towards meeting the requirements of the Bowater-Eburite group. The new ground-wood pulp mill now being installed at the Mersey division is due to come into operation in the autumn of this year.

Other companies

The Bowater Steamship Company Limited continued the operation of its first two paper-carriers, and since the end of the year it has launched the third ship of that class—the "Nicolas Bowater"—and the first two of a fleet of five ships designed primarily for the carrying of our raw materials; the next two ships of this new class will be launched during this year.

The results achieved by the many other subsidiary companies of the Bowater Organisation, including the Scandinavian pulp mills, the fibreboard mill in Ireland and the sales companies both in the United Kingdom and overseas, were, despite the circumstances of slackening demand and more intense competition, satisfactory as were also those of the British-Australian Paper Company—producers of household tissues for the Australian markets—whose earnings were again at a higher level than those of previous years.

The first of the two new tissue machines of the Bowater-Scott Corporation, the joint venture with Scott Paper Company, U.S.A., came into operation in its new plant at Northfleet, Kent, in the early summer of last year, as a consequence of which increased supplies of its well-known brands of tissues became available and also the first of a series of new lines of other tissues. This company has now reached the profit-earning stage and the development of this joint venture, including the installation of the second of its tissue paper machines and ancillary equipment, proceeds satisfactorily.

The Bowater Paper Corporation

The accounts of your Corporation appear on pages 37 to 46 and are immediately preceded by some comparative statistical data, from which it will be observed that the companies comprising the Organisation achieved an overall level of production and sales which materially exceeded that of previous years. Whilst, as earlier stated, the subsidiaries have not obtained to the full extent the advantages that normally would have accrued from their increased turnover, consolidated earnings were at a higher level and amounted to £17,152,000 compared with £16,129,000 for the previous year. Of these consolidated earnings, over 70 per cent was again attributable to our many important overseas interests.

After providing for the now substantially higher charges for depreciation—resulting from the new plant which has come into operation during the year—the profits of the Organisation amounted to £12,411,000, out of which has to be provided the interest on the loan capital of subsidiary companies, taxation (excluding the distribution tax on the Corporation's dividends paid or recommended) and dividends on preference capitals of and profits attributable to minority interests in subsidiary companies.

After deducting profits retained by subsidiary companies, the net income of your Corporation amounted to £3,397,000, the first charge against which is the interest on the loan capital of the Corporation—increased by £234,000 to £470,000 as the result of the interest payable on the new £15 million Convertible Unsecured Loan Stock issued in February 1957.

In the light of current conditions the matter of the dividend on the Ordinary Stock, in respect of which an interim dividend of 4½ per cent was paid in October last, has received careful consideration by your Directors and they have decided to recommend a final dividend of 8 per cent, making a total distribution for the year of 12½ per cent—2s. 6d. per £1 stock unit—the same rate as for the previous year.

The sum required to provide for the dividends on the Preference capital and for the Ordinary dividends paid and recommended, together with the additional tax on profits that the Corporation has to pay as a direct result of the distribution of those dividends, amounts to £2,339,000. There then remains, together with the sum brought in from last year, a balance of £3,460,000 which it is

proposed to carry forward to the next accounts; in addition sums aggregating £10,328,000 have been carried forward in the accounts of subsidiary companies. The reports and accounts are accompanied by an illustrated commentary dealing with the current situation in the papermaking and conversion industries and the progress of the Organisation's development programmes. Although these programmes are in some respects being rephased and retimed to fit in with current conditions, it is not the intention to abandon any of the projects they embrace: indeed the Directors of your Corporation and of the companies concerned remain confident that the products from these developments will be required in the not distant future to meet a natural and inevitable increase in demand. The expenditure incurred to date on those projects which have not yet reached the revenue-earning stage amounts to approximately £19 million.

Whilst the immediate future of world economy and therefore for our industry is less clear than it has been for some time past, generally speaking the rate of consumption of paper and paper products in the opening months of the present year has continued at a reasonably

steady level, and such adjustments as it has so far been found necessary to make in the basis of operations of our plants are due to the fact that the increased demand for which we, in common with the rest of the papermaking industry and consumers of its principal products, had anticipated and taken steps to meet has not as yet materialised.

Your Directors consider it not unreasonable to hope that if there is no further deterioration in trading conditions generally the results for the current year might be comparable with those of 1957, but nevertheless it must be recognised that the pattern of world trade is presently subject to considerable economic stresses and relatively short-term fluctuations which could materially affect the level of operations and earnings of our industry and, therefore, of your Organisation.

By order of the Board,

ROBERT KNIGHT

Secretary.

BOWATER HOUSE,
STRATTON STREET, LONDON, W.1.




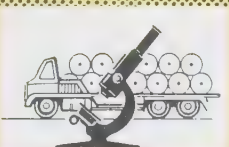
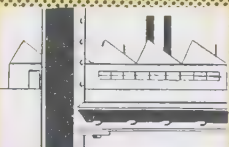
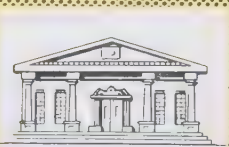

16TH APRIL 1958.

**Overleaf you can see—in simple terms—
how we used each £100 (or \$100) of the
Bowater Organisation's income in 1957, and,
facing this, some Bowater Organisation
statistics for 1957**



IN SIMPLE TERMS....

this is how we used each £100 (or \$100)
of the Bowater Organisation's income
in 1957—

| | | |
|--|-----|--|
| | % | |
| | 100 | |
| for Wood, Woodpulp and all other raw materials used in the manufacture of our products . . . | 45 |  |
| for Wages, Salaries, Pension Contributions, State Insurances, etc. for the 20,000 employees in our woods, mills, factories, and offices . . . | 17 |  |
| for Fuel and Power and for all other materials required to operate and maintain our mills, factories and equipment . . . | 12 |  |
| for Selling and Delivery costs, for Research and Development and for all administrative and other services . . . | 9 |  |
| for Depreciation of plant and buildings, and for reserves to replace assets and expand our operations throughout the world . . . | 8 |  |
| for Taxes to Governments in four continents . . . | 5 |  |
| for Dividends and Interest to the 80,000 people all over the world whose monies—in the form of share and loan capital—help to finance our operations . . . | 4 |  |
| Total : | 100 | |

Some Bowater Organisation Statistics for 1957

| 1957 In tons of 2,000 lbs. | Production of the Organisation: | 1957 In tons of 2,240 lbs. | 1956 In tons of 2,240 lbs. |
|----------------------------------|---|----------------------------------|----------------------------------|
| 1,422,000 | Paper | 1,270,000 | 1,144,000 |
| 355,000 | Pulp | 317,000 | 351,000 |
| 120,000 | Packaging and other products. | 107,000 | 76,000 |
| 1,897,000 | | 1,694,000 | 1,571,000 |
| | | | |
| \$ (at 2.80 to the £) | Sales: | £ | £ |
| 256,755,000 | Sales value of paper, pulp, packaging and other products | 91,698,000 | 82,856,000 |
| 30,363,000 | Sales of power, of merchant goods and charges for services | 10,844,000 | 12,450,000 |
| 287,118,000 | | 102,542,000 | 95,306,000 |
| | | | |
| | Costs of Production and Distribution: | | |
| 162,585,000 | Raw materials, fuel, power and all other operating and maintenance expenses | 58,066,000 | 53,913,000 |
| 48,821,000 | Wages, salaries, pension contributions and State insurances | 17,436,000 | 16,542,000 |
| 27,686,000 | Selling and delivery costs, research and development and all administrative and other services. | 9,888,000 | 8,722,000 |
| 239,092,000 | | 85,390,000 | 79,177,000 |
| 13,275,000 | Depreciation | 4,741,000 | 3,946,000 |
| 252,367,000 | | 90,131,000 | 83,123,000 |
| | | | |
| \$34,751,000 | Consolidated profits after charging depreciation | £12,411,000 | £12,183,000 |

**The Bowater Paper Corporation Limited
and Subsidiary Companies**

**Consolidated Statement of Profit and Loss
for the year ended 31st December 1957**

| | £ | £ | 1956 £ |
|---|------------------|--------------------|--------------------|
| PROFITS ON TRADING and other revenue of the Corporation and its subsidiary companies..... | | 17,152,000 | 16,129,000 |
| DEPRECIATION and amounts written off.... | | 4,741,000 | 3,946,000 |
| | | <u>12,411,000</u> | <u>12,183,000</u> |
| INTEREST ON LOAN CAPITAL of subsidiary companies | | 1,609,000 | 1,402,000 |
| Consolidated profits before taxation | | <u>10,802,000</u> | <u>10,781,000</u> |
| UNITED KINGDOM AND OVERSEAS TAXATION excluding £707,000 profits tax attributable to dividends of the Corporation..... | | 3,917,000 | 4,147,000 |
| Consolidated profits after taxation | | <u>6,885,000</u> | <u>6,634,000</u> |
| DIVIDENDS ON PREFERENCE CAPITAL of subsidiary companies publicly held..... | 759,000 | | |
| PROPORTION of profits attributable to minority interests..... | <u>103,000</u> | 862,000 | 383,000 |
| BALANCE OF PROFITS attributable to the Corporation | | <u>6,023,000</u> | <u>6,251,000</u> |
| PROFITS RETAINED BY SUBSIDIARY COMPANIES | | <u>2,626,000</u> | <u>3,003,000</u> |
| NET INCOME of the Corporation for the year | | <u>3,397,000</u> | <u>3,248,000</u> |
| INTEREST £818,000 ON LOAN CAPITAL OF THE CORPORATION less income tax..... | | 470,000 | 236,000 |
| | | <u>2,927,000</u> | <u>3,012,000</u> |
| DIVIDENDS OF THE CORPORATION for the year to date less income tax: Preference dividends paid and accrued.... | 230,000 | | 229,000 |
| Ordinary dividends paid and recommended | <u>1,402,000</u> | | <u>1,380,000</u> |
| | <u>1,632,000</u> | | <u>1,609,000</u> |
| PROFITS TAX attributable to dividends of the Corporation..... | <u>707,000</u> | | <u>735,000</u> |
| | | <u>2,339,000</u> | <u>2,344,000</u> |
| | | 588,000 | 668,000 |
| BROUGHT FORWARD by the Corporation... | | <u>2,872,000</u> | <u>2,204,000</u> |
| UNAPPROPRIATED PROFITS of the Corporation at 31st December 1957.. | | <u>3,460,000</u> | <u>2,872,000</u> |
| CARRIED FORWARD BY SUBSIDIARY COMPANIES after appropriations and transfers to reserves..... | | 10,328,000 | 8,601,000 |
| AGGREGATE UNAPPROPRIATED PROFITS of the Corporation and its subsidiary companies at 31st December 1957 | | <u>£13,788,000</u> | <u>£11,473,000</u> |

Notes on and forming part of the accounts are given on pages 42 to 45.

**The Bowater Paper Corporation Limited
and Subsidiary Companies**

Consolidated Balance Sheet 31st December 1957

| | £ | £ | 1956 £ |
|---|-------------|--------------|--------------|
| CURRENT ASSETS | | | |
| Cash with bankers, at short call and in hand | 6,245,000 | | 3,984,000 |
| Treasury bills | 3,941,000 | | 2,473,000 |
| British Government securities | — | | 967,000 |
| Tax reserve certificates | 200,000 | | 800,000 |
| Accounts receivable <i>less</i> provisions for doubtful debts | 13,869,000 | | 12,389,000 |
| Provisional estimate of fire claim to date £1,470,000 (Can. \$4,065,000) <i>less</i> payments received on account | 260,000 | | — |
| Inventories at the lower of cost or market value | 29,384,000 | | 26,420,000 |
| | | 53,899,000 | 47,033,000 |
| <i>Deduct:</i> | | | |
| CURRENT LIABILITIES | | | |
| Bank loans (<i>secured as to</i> £776,000) | 5,142,000 | | 3,458,000 |
| Acceptance credits | 5,343,000 | | 6,000,000 |
| Accrued interest on loan capital | 570,000 | | 539,000 |
| Accounts payable, accrued charges and other liabilities | 9,990,000 | | 10,789,000 |
| Accrued taxes (<i>including U.K. income tax for the year 1957/58</i>) | 4,456,000 | | 3,929,000 |
| Dividends since paid or to be paid <i>less</i> income tax | 1,326,000 | | 1,118,000 |
| | | 26,827,000 | 25,833,000 |
| Net current assets | | 27,072,000 | 21,200,000 |
| PROVISIONS for deferred overseas taxation and other purposes | | 1,368,000 | 1,406,000 |
| | | 25,704,000 | 19,794,000 |
| FIXED ASSETS | | | |
| Properties, timberlands, ships, plant and equipment | 136,718,000 | | 117,222,000 |
| <i>Less:</i> Depreciation and amounts written off | 21,779,000 | | 17,300,000 |
| | | 114,939,000 | 99,922,000 |
| DEFERRED OPERATING EXPENDITURE | | | |
| on woods development | | 500,000 | 529,000 |
| DEPOSITS WITH TRUSTEES | | | |
| subject to withdrawal for capital expenditure | | 466,000 | 1,231,000 |
| INVESTMENTS | | | |
| Trade investments at or under cost | 1,732,000 | | 4,153,000 |
| Mortgage loans and other securities | 340,000 | | 206,000 |
| | | 2,072,000 | 4,359,000 |
| Carried forward | | £143,681,000 | £125,835,000 |

| | £ | £ | 1956 £ |
|--|------------|-------------|-------------|
| Brought forward | | 143,681,000 | 125,835,000 |
| <i>Deduct:</i> | | | |
| LOAN CAPITAL | | | |
| Mortgage Bonds and Debenture Stocks <i>secured on certain of the assets</i> | 33,939,000 | | 36,569,000 |
| Unsecured Notes and Loan Stocks | 27,082,000 | | 9,158,000 |
| | | 61,021,000 | 45,727,000 |
| Net assets | | 82,660,000 | 80,108,000 |
| <i>Deduct:</i> | | | |
| OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARY COMPANIES | | | |
| Preference shareholders | 14,862,000 | | |
| Ordinary shareholders—minority interests in net tangible assets | 2,895,000 | | |
| | | 17,757,000 | 15,399,000 |
| Net assets attributable to the interests of the stockholders of The Bowater Paper Corporation Limited | | £64,903,000 | £64,709,000 |
| Represented by: | | | |
| CAPITAL OF THE BOWATER PAPER CORPORATION LIMITED | | | |
| PREFERENCE CAPITAL | | | |
| Authorised £15,000,000—Issued | 7,394,000 | | 7,245,000 |
| ORDINARY CAPITAL | | | |
| Authorised £30,000,000—Issued | 19,500,000 | | 19,200,000 |
| | | 26,894,000 | 26,445,000 |
| CAPITAL RESERVES | | 13,115,000 | 15,587,000 |
| REVENUE RESERVES AND UNAPPROPRIATED PROFITS | | 23,848,000 | 20,538,000 |
| EXCHANGE CONVERSION ACCOUNT | | 1,046,000 | 2,139,000 |
| | | £64,903,000 | £64,709,000 |
| <i>Notes on and forming part of the accounts are given on pages 42 to 45</i> | | | |

On behalf of the Board

ERIC V. BOWATER

J. H. KEELING

} Directors

Balance Sheet 31st December 1957

| | £ | £ | 1956 £ |
|--|------------|-------------|-------------|
| CURRENT ASSETS | | | |
| Cash with bankers, at short call and in hand | 3,883,000 | | 1,144,000 |
| British Government securities..... | — | | 967,000 |
| Tax reserve certificates | — | | 800,000 |
| Accounts receivable | 84,000 | | 40,000 |
| | | 3,967,000 | 2,951,000 |
| AMOUNTS DUE FROM SUBSIDIARY COMPANIES | | | |
| Dividends and interest receivable..... | 2,635,000 | | 2,667,000 |
| Balances on current and other accounts . | 2,462,000 | | 1,687,000 |
| | | 5,097,000 | 4,354,000 |
| | | 9,064,000 | 7,305,000 |
| <i>Deduct:</i> | | | |
| AMOUNTS DUE TO SUBSIDIARY COMPANIES | | | |
| Balances on deposit accounts | 2,674,000 | | 2,374,000 |
| Balances on current accounts | 76,000 | | 694,000 |
| | | 2,750,000 | 3,068,000 |
| | | 6,314,000 | 4,237,000 |
| CURRENT LIABILITIES | | | |
| Accrued interest on loan capital..... | 62,000 | | 62,000 |
| Accounts payable and other liabilities..... | 256,000 | | 532,000 |
| Profits tax <i>less</i> income tax recoverable..... | 591,000 | | 281,000 |
| Dividends since paid or to be paid <i>less</i> income tax..... | 956,000 | | 940,000 |
| | | 1,865,000 | 1,815,000 |
| | | 4,449,000 | 2,422,000 |
| TRADE INVESTMENTS at or under cost | | 1,605,000 | 1,138,000 |
| INVESTMENTS IN SUBSIDIARY COMPANIES | | | |
| Shareholdings | 50,699,000 | | 36,875,000 |
| Debenture stocks..... | 1,433,000 | | 1,442,000 |
| | | 52,132,000 | 38,317,000 |
| Carried forward | | £58,186,000 | £41,877,000 |

| | £ | £ | 1956 £ |
|---|------------|--------------------|--------------------|
| Brought forward | | 58,186,000 | 41,877,000 |
| <i>Deduct:</i> | | | |
| LOAN CAPITAL | | | |
| 3 $\frac{3}{4}$ per cent First Debenture Stock <i>secured on the assets and redeemable in or before 1997</i> | 3,009,000 | | 3,009,000 |
| 5 $\frac{1}{2}$ per cent Unsecured Loan Stock 1963-67 | 5,400,000 | | 5,400,000 |
| 5 $\frac{3}{4}$ per cent Convertible Unsecured Loan Stock 1978-82 | 15,000,000 | | — |
| | | 23,409,000 | 8,409,000 |
| Net assets attributable to the interests of the stockholders | | <u>£34,777,000</u> | <u>£33,468,000</u> |

**Represented by:
CAPITAL**

| | | | |
|--|------------|--------------------|--------------------|
| PREFERENCE CAPITAL | | | |
| Authorised £15,000,000—Issued | 7,394,000 | | 7,245,000 |
| ORDINARY CAPITAL | | | |
| Authorised £30,000,000—Issued | 19,500,000 | | 19,200,000 |
| | | 26,894,000 | 26,445,000 |
| CAPITAL RESERVE | | 3,423,000 | 3,151,000 |
| REVENUE RESERVES AND UNAPPROPRIATED PROFITS | | 4,460,000 | 3,872,000 |
| | | <u>£34,777,000</u> | <u>£33,468,000</u> |

Notes on and forming part of the accounts are given on pages 42 to 45

On behalf of the Board

ERIC V. BOWATER }
J. H. KEELING } *Directors*

The Bowater Paper Corporation Limited

Notes on and forming part of the accounts for 1957

1. All amounts are stated to the nearest £1,000 and conversion into sterling of the accounts of overseas subsidiary companies has been effected at rates of exchange ruling at 31st December 1957.

| | 1957 £ | 1956 £ |
|--|-----------------|-----------------|
| 2. Profits on trading and other revenue of the Corporation and its subsidiary companies are after | | |
| <i>charging:</i> | | |
| Emoluments of the Directors of the Corporation: | | |
| Fees | NIL | NIL |
| Remuneration for services in executive capacities and contributions to pension schemes | 173,000 | 167,000 |
| Amounts set aside as provisions | 13,000 | 31,000 |
| | <u>£186,000</u> | <u>£198,000</u> |
| <i>crediting:</i> | | |
| Income from trade investments | 297,000 | 68,000 |
| Income from Treasury bills and other investments | 61,000 | 83,000 |
| | <u>£358,000</u> | <u>£151,000</u> |

The results of Bowater-Eburite Limited and its subsidiaries have been consolidated as from 24th July 1957 the date on which a controlling interest was acquired. Ordinary dividends on the Corporation's shareholdings prior to that date are included in income from trade investments.

3. Taxation comprises:

Overseas taxation on profits to date after United Kingdom double taxation relief and including £882,000 added to reserve for equalisation of future United States federal taxes

Taxation on profits earned or receivable in the United Kingdom:

| | | |
|---|-------------------|-------------------|
| Profits tax (excluding £707,000 attributable to dividends of the Corporation) | 215,000 | 165,000 |
| Income tax | 1,914,000 | 1,946,000 |
| | <u>£3,917,000</u> | <u>£4,147,000</u> |

United Kingdom taxation on the profits for the year has been reduced by £490,000 in respect of investment and initial allowances.

4. Balances carried forward by subsidiary companies at 31st December 1957, after deducting £780,000 (1956 £910,000) to eliminate unrealised inter-company profit on inventories, comprise:

| | United Kingdom subsidiaries £ | Overseas subsidiaries £ | Total £ |
|---|-------------------------------------|-------------------------------|--------------------|
| At 31st December 1956 | 1,171,000 | 7,430,000 | 8,601,000 |
| <i>Less:</i> | | | |
| Difference on conversion of opening balances to current rates of exchange | — | 207,000 | 207,000 |
| | <u>1,171,000</u> | <u>7,223,000</u> | <u>8,394,000</u> |
| <i>Add:</i> | | | |
| Retained out of profits for the year | 244,000 | 2,382,000 | 2,626,000 |
| Adjustments relating to prior years | — | 62,000 | 62,000 |
| | <u>1,415,000</u> | <u>9,667,000</u> | <u>11,082,000</u> |
| <i>Deduct:</i> | | | |
| Transferred to contingencies and raw materials reserves | 250,000 | — | 250,000 |
| Transferred to capital reserves .. | 261,000 | 243,000 | 504,000 |
| | <u>511,000</u> | <u>243,000</u> | <u>754,000</u> |
| At 31st December 1957 | <u>£904,000</u> | <u>£9,424,000</u> | <u>£10,328,000</u> |

Under the terms of the agreements entered into in respect of the funded debt of Bowaters Southern Paper Corporation, no part of its earned surplus of £3,446,000 is at present available for distribution.

5. Fixed assets

| | <i>Cost or valuation</i> | <i>Depreciation and amounts written off</i> | <i>Net book value 1957</i> | <i>1956</i> |
|---|----------------------------------|---|--|--------------------|
| | £ | £ | £ | £ |
| <i>Pulp and paper manufacture:</i> | | | | |
| Freehold land, buildings, wharves, docks, plant, ma- chinery, fittings, etc. | 101,171,000 | 14,912,000 | 86,259,000 | 75,730,000 |
| Hydro-electric development and water power rights | 13,560,000 | 605,000 | 12,955,000 | 12,888,000 |
| Timberlands and woods equip- ment | 9,532,000 | 3,448,000 | 6,084,000 | 6,334,000 |
| <i>Conversion, distribution and other ancillary operations:</i> | | | | |
| Freehold and leasehold pro- perties | 3,495,000 | 543,000 | 2,952,000 | 1,326,000 |
| Shipping | 4,088,000 | 348,000 | 3,740,000 | 2,526,000 |
| Plant, machinery, motor trans- port, etc. | 4,872,000 | 1,923,000 | 2,949,000 | 1,118,000 |
| | <u>£136,718,000</u> | <u>£21,779,000</u> | <u>£114,939,000</u> | <u>£99,922,000</u> |

Fixed assets are taken at cost, with the exception of certain assets of the United Kingdom Mill company which were revalued by the Directors at 31st December 1955 and hydro-electric assets and water power rights in Newfoundland which were independently valued at 15th April 1955.

6. Investments in subsidiary companies in the Balance Sheet of the Corporation comprise:

| | | |
|--|--------------------|--------------------|
| Equity shareholdings in wholly-owned subsidiary companies valued on the basis of the net tangible assets of the respective companies exclusive of undistributed reserves and profits since acquisition | 44,254,000 | 36,416,000 |
| Equity shareholding in partly-owned subsidiary company at cost. | 5,834,000 | — |
| Preference shareholdings at cost. | 611,000 | 459,000 |
| | <u>50,699,000</u> | <u>36,875,000</u> |
| Debenture stocks at cost | 1,433,000 | 1,442,000 |
| | <u>£52,132,000</u> | <u>£38,317,000</u> |

7. Provisions

The net decrease of £38,000 results from:

| | |
|---|---------------|
| Amounts withdrawn from provisions | 55,000 |
| Exchange differences | 4,000 |
| | <u>59,000</u> |

Less:

| | |
|--|---------------|
| Transferred from profit and loss accounts | 13,000 |
| Transferred from capital reserves in respect of adjustments of overseas taxation | 8,000 |
| | <u>21,000</u> |

Net decrease £38,000

| | 1957 £ | 1956 £ |
|---|--------------------|--------------------|
| 8. Capital reserves comprise: | | |
| Capital reserve of the Corporation..... | 3,423,000 | 3,151,000 |
| Capital reserves of subsidiary companies..... | 12,236,000 | 12,436,000 |
| | <u>15,689,000</u> | <u>15,587,000</u> |
| <i>Deduct:</i> | | |
| Adjustment arising on consolidation of partly-owned subsidiary companies on the basis of net tangible assets at book values | 2,574,000 | — |
| | <u>£13,115,000</u> | <u>£15,587,000</u> |

The increase of £272,000 in the capital reserve of the Corporation is derived from a distribution of £712,000 received on liquidation of a subsidiary, £440,000 of which, together with £398,000 share premium on ordinary capital issued during the year, was applied in writing off £838,000 capital issue expenses including discount on the 5 $\frac{3}{4}$ per cent Convertible Unsecured Loan Stock 1978-82.

The decrease of £170,000 in the capital reserves of subsidiary companies is made up as follows:

Amounts debited:

| | |
|---|----------------|
| Net withdrawal from capital reserves resulting from distribution of surplus on liquidation of a subsidiary £712,000 less transfers from reserves for contingencies and raw materials £100,000 and future taxation £45,000 | 567,000 |
| Capital issue and finance expenses written off by subsidiaries..... | 157,000 |
| Amount withdrawn from capital surplus on revaluation of fixed assets in respect of assets retired or demolished during the year..... | 193,000 |
| Transfer to provisions..... | 8,000 |
| | <u>925,000</u> |

Amounts credited:

| | |
|---|-----------------|
| Transfers from profit and loss accounts | £ 504,000 |
| Net exchange difference applicable to capital reserves..... | 230,000 |
| Other transfers | 21,000 |
| | <u>755,000</u> |
| Net decrease | <u>£170,000</u> |

9. Revenue reserves and unappropriated profits comprise:

of the Corporation:

| | | |
|------------------------------|------------------|------------------|
| General reserve..... | 1,000,000 | 1,000,000 |
| Profit and loss account..... | 3,460,000 | 2,872,000 |
| | <u>4,460,000</u> | <u>3,872,000</u> |

of the subsidiary companies:

| | | |
|---|-------------------|-------------------|
| Contingencies and raw materials reserves..... | 5,520,000 | 5,395,000 |
| Profit and loss accounts..... | 10,328,000 | 8,601,000 |
| | <u>20,308,000</u> | <u>17,868,000</u> |

Reserves for future taxation:

| | | |
|---|--------------------|--------------------|
| United Kingdom income tax | 1,094,000 | 1,121,000 |
| Equalisation of future United States federal taxes..... | 2,446,000 | 1,549,000 |
| | <u>£23,848,000</u> | <u>£20,538,000</u> |

9.—*continued*

The net increase of £125,000 in contingencies and raw materials reserves arises from £250,000 transferred from profit and loss accounts *less* £100,000 transferred to capital reserve and £25,000 exchange adjustments.

After a further transfer of £882,000 from profit and loss account and £15,000 other transfers, the reserve for equalisation of future United States federal taxes has increased to £2,446,000 and represents the relief from United States federal income tax on accelerated depreciation allowances to date.

10. Exchange conversion account

The amount of £1,046,000 in the Consolidated Balance Sheet arises on conversion at current rates of exchange of the sterling preference capital and United States dollar funded debt of Canadian subsidiaries and of the Corporation's equity shareholdings in overseas subsidiaries, as compared with conversion at rates of exchange varying according to the dates of issue or acquisition.

11. Loan capital

At 31st December 1957, £22,000 of 3½ per cent First Debenture Stock of the Corporation was held by a subsidiary company.

Holders of the 5¼ per cent Convertible Unsecured Loan Stock 1978-82 of the Corporation have the right during July in each of the years 1959, 1960 and 1961 to convert their Loan Stock in multiples of £50 and to receive in exchange 21, 20 or 18 Ordinary Shares of £1 each according to the date of conversion.

12. Preference capital of subsidiary companies

The preference capital of The Bowater Corporation of North America Limited and of Mersey Paper Company Limited amounting in total to £12,518,000 is redeemable by instalments or, otherwise, at the companies' option.

13. Preference capital of the Corporation

The preference capital of The Bowater Paper Corporation Limited in issue at 31st December 1957 comprised £7,394,000 5½ per cent Cumulative Preference Stock.

14. Contingent liabilities and commitments

(a) At 31st December 1957 the Corporation had contingent liabilities under guarantees in respect of:

- (i) acceptance credit facilities granted to a subsidiary company £5,343,000
- (ii) bank loan to a subsidiary company £2,927,000
- (iii) loans to employees for house purchase £46,000

(b) The Corporation has entered into commitments and long term contracts with overseas subsidiary companies for supplies of raw materials to its United Kingdom mills as part of the security on which loan capital has been issued by the overseas subsidiaries concerned.

(c) At 31st December 1957 there was a contingent liability of £1,808,000 in respect of uncalled capital of a Canadian subsidiary.

(d) At 31st December 1957 commitments of the Organisation in respect of orders placed on capital account were estimated to amount to £18,000,000.

Auditors' Report

To the members of The Bowater Paper Corporation Limited

WE HAVE OBTAINED all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company so far as appears from our examination of those books. We have examined the foregoing Balance Sheet which is in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given us the said Balance Sheet with the notes thereon gives the information required by the Companies Act 1948, in the manner so required and gives a true and fair view of the state of the company's affairs as at 31st December 1957.

We have also examined the Consolidated Balance Sheet and Consolidated Profit and Loss Statement of the company and its subsidiaries with the accounts of those companies as audited by their respective auditors. In our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Statement with the notes thereon have been properly prepared in accordance with the provisions of the Companies Act 1948, so as to give a true and fair view respectively of the state of affairs and of the profit of The Bowater Paper Corporation Limited and its subsidiaries so far as concerns members of The Bowater Paper Corporation Limited.

ALDERMAN'S HOUSE,
BISHOPSGATE, LONDON, EC2
16TH APRIL 1958

BARTON, MAYHEW & CO.
Chartered Accountants, Auditors



Directors' Report and Accounts of

Bowater-Eburite Limited

**Directors and Officials of
Bowater-Eburite Limited
and subsidiary companies**

Bowater-Eburite Limited

President J. F. Fielding

Directors

Sir Eric Vansittart Bowater *Chairman*

R. F. Popham *Vice-Chairman*

J. Martin Ritchie *General Manager*

H. S. Currie: H. B. Dean: F. S. Hayes: Douglas A. Hunt:

H. W. King: K. N. Linforth: W. Parlane: R. P. Peters:

C. G. Rye

Secretary H. B. Dean C.A.

Bowater-Eburite Fibre Containers Limited

J. Martin Ritchie *Chairman*

H. S. Currie: H. B. Dean: H. W. King: W. Parlane:

D. J. Parsons

Secretary W. E. J. Miles A.C.A.

Bowater-Eburite Bulk Packaging Limited

R. P. Peters *Chairman*

S. L. Knowles: C. F. Popham: J. Martin Ritchie

Secretary R. A. Hayes

Bowater-Eburite Flexible Packaging Limited

J. Martin Ritchie *Chairman*

F. S. Hayes: B. E. Newcomb: H. Tomlinson: J. Wilson

Secretary B. Spaighton A.C.A.

Hunt Partners Limited

Douglas A. Hunt *Chairman*

H. S. Currie: Donald R. Hunt: Percy Hunt: W. Gordon Ingle:

W. Parlane: J. Martin Ritchie

Secretary W. Gordon Ingle F.C.W.A., A.C.I.S.

Directors' Report

To the members

The Directors present herewith the Consolidated Statement of Profit and Loss of the Company and its subsidiaries for the year ended 31st December 1957 together with a Consolidated Balance Sheet and a Balance Sheet of the Company as at that date.

At the Extraordinary General Meeting of the Company held on 18th July 1957 the authorised share capital was increased to £5 million and £2,389,100 was capitalised from share premium account and subsequently distributed in the form of a scrip issue of two Ordinary Shares of 5s. each credited as fully paid for each Ordinary Share then in issue.

In recommending the increase in authorised share capital to permit the further development of your Company's activities, your Directors indicated that they then had under contemplation the acquisition from The Bowater Paper Corporation Limited of important packaging businesses. The terms of acquisition were subsequently agreed, the consideration being the issue by your Company of 4,076,152 Ordinary Shares of 5s. each credited as fully paid. It was a condition of the purchase that 3,050,571 of those shares would not rank for dividend in respect of any year ending prior to 1st January 1959 as such shares were deemed to relate to development projects then in progress and not yet revenue earning.

As a result of this transaction the activities of the Bowater-Eburite group have been greatly extended and there has been established a completely integrated packaging service now engaged in the manufacture and sale of corrugated cases,

fibre drums, multiwall sacks, paper bags, aluminium foil ware, boxes and cartons.

With a view to making this packaging service fully efficient, a measure of internal reorganisation has been effected as regards the companies of the group which now consists of your Company as a holding company together with four wholly-owned operating subsidiaries, Bowater-Eburite Fibre Containers Limited, Bowater-Eburite Bulk Packaging Limited, Bowater-Eburite Flexible Packaging Limited and Hunt Partners Limited.

As a further result of the transaction your Company has become a subsidiary company of The Bowater Paper Corporation Limited, the parent company of the Bowater Organisation, with the advantage of effecting a closer co-operation in relation to such important matters as supplies, services and research. In September 1957 The Bowater Paper Corporation Limited made an offer to the preference shareholders of your Company to exchange the Preference capital held by them for Preference Stock of the Corporation; this offer was accepted and the £80,000 Preference capital of your Company is also now owned by The Bowater Paper Corporation Limited.

During the year under review there was a satisfactory increase in the turnover of all the companies comprising the Bowater-Eburite group but this was achieved only in the face of the keenest competition and, in common with the packaging industry generally, there was a substantial reduction in profit margins. The effect of the latter was such that, but for the widening of the basis of the group's

operations, the trading profits would have been at a substantially lower level; in fact the profits achieved amounted to £1,415,900 as compared with £1,462,900 for the preceding year which your Directors feel in all the circumstances may be considered satisfactory.

After providing for depreciation—which by reason of the new businesses and the additional plant at Ellesmere Port and elsewhere now in operation has increased from £127,800 to £225,600—and providing for interest on loan capital, for taxation and for the preference dividend of a subsidiary company, there remains a balance of profits attributable to your Company amounting to £714,400. Out of these profits the sum of £69,800 has been retained by the subsidiary companies leaving £644,600 as the net income of your Company; additionally, there is brought in a sum of £233,300 by way of special dividends from subsidiaries arising on the reorganisation of those companies, thus increasing the income of the year in the hands of your Company to £877,900.

As already indicated, the issued ordinary capital of your Company has been substantially increased during the year. In July 1957, shortly before those changes took place, your Directors declared an interim dividend at the rate of 6d. per share on the 4,778,250 Ordinary Shares then in issue and they have now decided to recommend the payment of a final dividend at the rate of 9d. per share on the 15,360,331 Ordinary Shares now ranking for dividend out of the total of 18,410,902 shares in issue. The dividends which have been paid or are now recommended represent an effective rate of 11d. per share which, after taking into consideration the scrip issue, is equivalent to the 2s. 9d. per share paid last year on the shares then in issue.

After providing for these Ordinary dividends, for the dividend payable on the

Preference Shares and for the amount of additional tax on profits that your Company has to pay as a direct result of such distribution, there remains a net surplus for the year of £285,500. Adding thereto the amount brought in from the previous year, but deducting the sum of £26,300 proposed to be transferred to general reserve, the balance to be carried forward by your Company to the next accounts is £297,900; balances aggregating £232,000 have also been carried forward in the accounts of the subsidiary companies.

The competition with which your businesses were faced during 1957 has continued into the new year but the effect of this has again been partially offset by a higher level of sales for all our products and, subject to any unforeseen circumstances outside their control, your Directors are of the opinion that the group is well equipped to meet the conditions which are likely to arise in the near future.

As a consequence of the reorganisation of the companies comprising the Bowater-Eburite group and the accounting procedure in relation thereto, Messrs. Woolger, Hennell, Scott-Mitchell & Co. have generously agreed to relinquish their appointment as auditors to the Company at the forthcoming Annual General Meeting. Your Directors wish to take this opportunity of recording their appreciation of the valued services which the retiring auditors have rendered to the Company over a period of many years.

By order of the Board,

H. B. DEAN

Secretary.

BOWATER HOUSE,
STRATTON STREET, LONDON, W.1.

16TH APRIL 1958.

**Bowater-Eburite Limited
and Subsidiary Companies**

**Consolidated Statement of Profit and Loss
for the year ended 31st December 1957**

| | £ | £ | 1956 £ |
|---|---------------|-----------------|-----------------|
| PROFITS ON TRADING and other revenue of the Company and its subsidiary companies..... | | 1,415,900 | 1,462,900 |
| DEPRECIATION and amounts written off.... | | 225,600 | 127,800 |
| | | <hr/> 1,190,300 | <hr/> 1,335,100 |
| INTEREST ON LOAN CAPITAL of subsidiary company..... | | 3,700 | — |
| | | <hr/> 1,186,600 | <hr/> 1,335,100 |
| Consolidated profits before taxation | | 1,186,600 | 1,335,100 |
| UNITED KINGDOM TAXATION excluding £189,300 profits tax attributable to dividends of the Company..... | | 469,800 | 580,400 |
| | | <hr/> 716,800 | <hr/> 754,700 |
| Consolidated profits after taxation | | 716,800 | 754,700 |
| DIVIDENDS ON PREFERENCE CAPITAL of a subsidiary company held by outside shareholders..... | | 2,400 | — |
| | | <hr/> 714,400 | <hr/> 754,700 |
| BALANCE OF PROFITS attributable to the Company | | 714,400 | 754,700 |
| PROFITS RETAINED BY SUBSIDIARY COMPANIES | | 69,800 | 53,400 |
| | | <hr/> 644,600 | <hr/> 701,300 |
| NET INCOME of the Company for the year | | 644,600 | 701,300 |
| SPECIAL DIVIDENDS received from subsidiary companies out of unappropriated profits distributed prior to reorganisation..... | | 233,300 | — |
| | | <hr/> 877,900 | <hr/> 701,300 |
| DIVIDENDS OF THE COMPANY for the year to date <i>less</i> income tax : | | | |
| Preference dividends paid and accrued . . . | 3,200 | | 3,200 |
| Ordinary dividends paid and recommended | 399,900 | | 377,800 |
| | <hr/> 403,100 | | <hr/> 381,000 |
| PROFITS TAX attributable to dividends of the Company | 189,300 | | 175,900 |
| | <hr/> 592,400 | | <hr/> 556,900 |
| | | 285,500 | 144,400 |
| | | <hr/> 38,700 | <hr/> 44,300 |
| BROUGHT FORWARD by the Company..... | | 324,200 | 188,700 |
| | | <hr/> 26,300 | <hr/> 150,000 |
| TRANSFER TO GENERAL RESERVE..... | | 297,900 | 38,700 |
| UNAPPROPRIATED PROFITS of the Company at 31st December 1957 | | 297,900 | 38,700 |
| CARRIED FORWARD BY SUBSIDIARY COMPANIES after appropriations and transfers to reserves..... | | 232,000 | 395,300 |
| AGGREGATE UNAPPROPRIATED PROFITS of the Company and its subsidiary companies at 31st December 1957 | | <hr/> £529,900 | <hr/> £434,000 |

Notes on and forming part of the accounts are given on pages 55 and 56

**Bowater-Eburite Limited
and Subsidiary Companies**

Consolidated Balance Sheet 31st December 1957

| | £ | £ | 1956 £ |
|--|-----------|------------|------------|
| CURRENT ASSETS | | | |
| Cash with bankers and in hand..... | 388,700 | | 1,028,400 |
| Tax reserve certificates..... | 200,000 | | 400,000 |
| Amounts due from The Bowater Paper Corporation Limited and its subsidiary companies | 1,823,200 | | 1,272,000 |
| Accounts receivable..... | 602,000 | | 315,300 |
| Inventories at the lower of cost or market value..... | 2,467,100 | | 1,140,700 |
| | | 5,481,000 | 4,156,400 |
| <i>Deduct:</i> | | | |
| CURRENT LIABILITIES | | | |
| Bank overdraft..... | 60,000 | | — |
| Accrued interest on loan capital..... | 1,300 | | — |
| Accounts payable and accrued charges.... | 1,016,800 | | 396,200 |
| Taxes due for payment in ensuing year... | 850,600 | | 868,500 |
| Dividends since paid or to be paid <i>less</i> income tax | 332,000 | | 310,700 |
| | | 2,260,700 | 1,575,400 |
| Net current assets | | 3,220,300 | 2,581,000 |
| INVESTMENTS | | | |
| Mortgage loans and other securities..... | | 13,900 | 13,700 |
| | | 3,234,200 | 2,594,700 |
| FIXED ASSETS | | | |
| Properties, plant and equipment..... | 4,597,900 | | 2,278,100 |
| <i>Less:</i> Depreciation and amounts written off | 1,098,200 | | 826,900 |
| | | 3,499,700 | 1,451,200 |
| | | 6,733,900 | 4,045,900 |
| PREMIUM ON ACQUISITION OF SHARES IN SUBSIDIARY COMPANIES | | | |
| being excess of book over par value <i>less</i> pre-acquisition profits and reserves | | 2,078,900 | 1,745,400 |
| Carried forward | | £8,812,800 | £5,791,300 |

| | £ | £ | 1956 £ |
|--|---|-------------------|-------------------|
| Brought forward | | 8,812,800 | 5,791,300 |
| <i>Deduct:</i> | | | |
| LOAN CAPITAL | | | |
| Debenture stock secured on assets of a subsidiary company | | 95,000 | — |
| Net assets | | 8,717,800 | 5,791,300 |
| <i>Deduct:</i> | | | |
| PREFERENCE CAPITAL of a subsidiary company held by outside shareholders... | | 94,000 | — |
| Net assets attributable to the interests of the shareholders of Bowater-Eburite Limited | | <u>£8,623,800</u> | <u>£5,791,300</u> |

Represented by:
CAPITAL OF BOWATER-EBURITE LIMITED

| | | | |
|--|------------------|-------------------|-------------------|
| PREFERENCE CAPITAL | | | |
| Authorised £100,000—Issued | 80,000 | | 80,000 |
| ORDINARY CAPITAL | | | |
| Authorised £4,900,000—Issued | <u>4,602,800</u> | | <u>1,194,600</u> |
| | | 4,682,800 | 1,274,600 |
| SHARE PREMIUM ACCOUNT | | 2,120,000 | 2,676,000 |
| CAPITAL RESERVES | | 17,100 | 16,500 |
| REVENUE RESERVES AND UNAPPROPRIATED PROFITS | | 1,803,900 | 1,824,200 |
| | | <u>£8,623,800</u> | <u>£5,791,300</u> |

Notes on and forming part of the accounts are given on pages 55 and 56

On behalf of the Board

ERIC V. BOWATER }
R. F. POPHAM } *Directors*

Balance Sheet 31st December 1957

| | £ | £ | 1956 £ |
|--|-----------|------------|------------|
| CURRENT ASSETS | | | |
| Cash with bankers and in hand..... | 11,400 | | 517,300 |
| Tax reserve certificates..... | — | | 400,000 |
| Amounts due from The Bowater Paper Corporation Limited and its subsidiary companies..... | 363,200 | | 984,700 |
| Accounts receivable..... | 500 | | 4,600 |
| Inventories..... | — | | 255,100 |
| | | 375,100 | 2,161,700 |
| CURRENT ACCOUNTS WITH SUBSIDIARY COMPANIES | | | |
| Due from subsidiary companies..... | 658,300 | | 652,700 |
| Less: Due to subsidiary companies..... | 390,900 | | 294,700 |
| | | 267,400 | 358,000 |
| <i>Deduct:</i> | | 642,500 | 2,519,700 |
| CURRENT LIABILITIES | | | |
| Accounts payable and accrued charges.. | 7,700 | | 71,400 |
| Profits tax less income tax recoverable.... | 197,500 | | 620,000 |
| Dividends since paid or to be paid less income tax..... | 332,000 | | 310,700 |
| | | 537,200 | 1,002,100 |
| | | 105,300 | 1,517,600 |
| INVESTMENTS | | | |
| Mortgage loans and other securities..... | | 3,800 | 8,700 |
| INVESTMENTS IN SUBSIDIARY COMPANIES | | | |
| Shares at cost less amounts written off.... | 7,056,800 | | 3,351,100 |
| Special loan accounts..... | 714,300 | | — |
| | | 7,771,100 | 3,351,100 |
| FIXED ASSETS | | | |
| Freehold and leasehold properties..... | 24,500 | | 56,300 |
| Plant and equipment..... | — | | 340,200 |
| | 24,500 | | 396,500 |
| Less: Depreciation and amounts written off | 4,000 | | 297,100 |
| | | 20,500 | 99,400 |
| Net assets attributable to the interests of the shareholders | | £7,900,700 | £4,976,800 |
| Represented by: | | | |
| CAPITAL | | | |
| PREFERENCE CAPITAL | | | |
| Authorised £100,000—Issued..... | 80,000 | | 80,000 |
| ORDINARY CAPITAL | | | |
| Authorised £4,900,000—Issued..... | 4,602,800 | | 1,194,600 |
| | | 4,682,800 | 1,274,600 |
| | | 2,120,000 | 2,676,000 |
| SHARE PREMIUM ACCOUNT..... | | | |
| REVENUE RESERVES AND UNAPPROPRIATED PROFITS..... | | 1,097,900 | 1,026,200 |
| | | £7,900,700 | £4,976,800 |

Notes on and forming part of the accounts are given on pages 55 and 56.

On behalf of the Board

ERIC V. BOWATER }
R. F. POPHAM } Directors

1. All amounts are stated to the nearest £100.

2. **Profits on trading** and other revenue of the Company and its subsidiaries are after

charging:

Emoluments of the Directors of the Company:

| | 1957 £ | 1956 £ |
|--|----------------|----------------|
| Fees..... | 600 | 1,000 |
| Remuneration for services in executive capacities and contributions to pension schemes | 36,700 | 41,800 |
| Compensation for loss of office | — | 4,000 |
| Pension to past Director..... | — | 600 |
| | <u>£37,300</u> | <u>£47,400</u> |

crediting:

| | | |
|---|---------------|----------------|
| Profit on redemption of Government securities | — | 9,900 |
| Income from investments..... | 600 | 11,600 |
| Interest on tax reserve certificates | 5,000 | 5,600 |
| | <u>£5,600</u> | <u>£27,100</u> |

3. **Taxation** comprises:

| | | |
|--|-----------------|-----------------|
| Profits tax (excluding £189,300 attributable to dividends of the Company)..... | 35,600 | 38,500 |
| Income tax | 434,200 | 541,900 |
| | <u>£469,800</u> | <u>£580,400</u> |

4. **Balances carried forward** by subsidiary companies at 31st December 1957 comprise:

| | |
|--|----------------|
| At 31st December 1956..... | 395,300 |
| <i>Add:</i> | |
| Retained out of profits for the year | 69,800 |
| Transferred from revenue reserves | 31,000 |
| | <u>496,100</u> |

Deduct:

| | |
|--|-----------------|
| Transferred to capital reserve..... | £5,000 |
| Special dividends paid to parent Company out of unappropriated profits distributed prior to reorganisation..... | 233,300 |
| Special dividends applied by parent company in writing down book value of investment in subsidiary companies | 25,800 |
| | <u>264,100</u> |
| At 31st December 1957..... | <u>£232,000</u> |

5. **Fixed assets**

The fixed assets of Bowater-Eburite Limited, with the exception of certain freehold and leasehold properties, were transferred during the year to subsidiary companies at book value.

The fixed assets of the company and its subsidiaries at 31st December 1957 comprise:

| | Cost or valuation £ | Depreciation and amounts written off £ | Net book value £ | 1956 £ |
|---|------------------------------|---|---------------------------|-------------------|
| Freehold and leasehold properties | 1,365,800 | 119,000 | 1,246,800 | 450,900 |
| Plant, machinery, furniture, etc. | 3,107,100 | 905,400 | 2,201,700 | 971,600 |
| Motor vehicles | 125,000 | 73,800 | 51,200 | 28,700 |
| | <u>£4,597,900</u> | <u>£1,098,200</u> | <u>£3,499,700</u> | <u>£1,451,200</u> |

6. **Share capital**

The preference capital of the Company in issue at 31st December 1957 comprised 160,000 7 per cent Cumulative Preference Shares of 10s. each, fully paid. The ordinary capital in issue at 31st December 1957 comprised 18,410,902 Ordinary Shares of 5s. each, fully paid, of which 3,050,571 shares do not rank for dividend in respect of any year ending prior to 1st January 1959.

7. Share premium account

Of the balance of £2,676,000 on share premium account at 31st December 1956 a sum of £2,389,100 was capitalised and applied in the issue of 9,556,500 Ordinary Shares of 5s. each, credited as fully paid up and distributed to ordinary shareholders in the proportion of two new shares for every Ordinary Share held on 5th July 1957. Issue expenses, amounting to £18,300, were debited to share premium account. On 1st August 1957, 4,076,152 Ordinary Shares of 5s. each were issued giving rise to share premiums of £1,851,400.

8. Capital reserves

The increase of £600 in capital reserves arises from £10,800 profit on sale of plant and £5,000 transferred from profit and loss account *less* £15,200 distributed to the parent company and applied in writing down the book value of investments in subsidiary companies.

9. Revenue reserves and unappropriated profits

| comprise: | 1957 | 1956 |
|--|-------------------|-------------------|
| <i>of the Company:</i> | £ | £ |
| Revenue reserves..... | 800,000 | 787,500 |
| Profit and loss accounts..... | 297,900 | 38,700 |
| Reserve for future income tax..... | — | 200,000 |
| | <u>1,097,900</u> | <u>1,026,200</u> |
| <i>of the subsidiary companies:</i> | | |
| Revenue reserves (now transferred to profit and loss)..... | — | 31,000 |
| Profit and loss accounts..... | 232,000 | 395,300 |
| Reserves for future income tax..... | 474,000 | 371,700 |
| | <u>£1,803,900</u> | <u>£1,824,200</u> |

The increase of £12,500 in revenue reserves of the Company comprises £26,300 transfer from profit and loss account *less* £13,800 applied in writing down investments in subsidiary companies.

10. Contingent liabilities and commitments

At 31st December 1957, commitments in respect of orders placed on capital account were estimated to amount to £366,000 and the company had contingent liabilities under guarantees in respect of loans to employees for house purchase amounting to £3,600.

Auditors' Report

To the members of Bowater-Eburite Limited

WE HAVE OBTAINED all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit. In our opinion proper books of account have been kept by the Company so far as appears from our examination of those books. We have examined the foregoing Balance Sheet which is in agreement with the books of account. In our opinion and to the best of our information and according to the explanations given us the said Balance Sheet with the notes thereon gives the information required by the Companies Act 1948 in the manner so required and gives a true and fair view of the state of the Company's affairs as at 31st December 1957.

We have also examined the Consolidated Balance Sheet and Consolidated Profit and Loss Statement of the Company and its subsidiaries with the accounts of those companies as audited by their respective auditors. In our opinion such Consolidated Balance Sheet and Consolidated Profit and Loss Statement with the notes thereon have been properly prepared in accordance with the provisions of the Companies Act 1948 so as to give a true and fair view respectively of the state of affairs and of the profit of Bowater-Eburite Limited and its subsidiaries so far as concerns members of Bowater-Eburite Limited.

165-167 MOORGATE,
LONDON, EC2
16TH APRIL 1958

WOOLGER, HENNEL, SCOTT-MITCHELL & CO.

Chartered Accountants, Auditors



Directors' Report and Accounts of

The Bowater Corporation of

North America Limited

Directors and Officials of North American Subsidiary Companies

The Bowater Corporation of North America Limited

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

G. S. Currie C.M.G. D.S.O. M.C. *President*

H. M. S. Lewin C.B.E.: A. B. Meyer *Vice-Presidents*

A. Brackenridge C.B.E.: K. O. Elderkin: Sir John Keeling: K. N. Linforth:

Earle Spafford: W. J. Kirwan-Taylor O.B.E.

Controller and Secretary-Treasurer S. Mann A.C.A.

Bowater's Newfoundland Pulp and Paper Mills Limited

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

G. S. Currie C.M.G. D.S.O. M.C. *President*

H. M. S. Lewin C.B.E. *First Vice-President*

A. Martin *Vice-President and General Manager*

Stanley Bell: A. Brackenridge C.B.E.: F. G. Huck: J. H. Mowbray Jones:

K. N. Linforth: A. B. Meyer: W. A. Reid

Secretary-Treasurer F. G. Huck C.A.

The Bowater Power Company Limited

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

G. S. Currie C.M.G. D.S.O. M.C. *President*

H. M. S. Lewin C.B.E. *Vice-President*

Gordon R. Ball: P. Bienvenu: E. Cook Q.C.: A. Martin:

J. H. Price

General Manager M. Green

Secretary-Treasurer S. Mann A.C.A.

Mersey Paper Company Limited

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

B. J. Waters *President*

J. H. Mowbray Jones *Vice-President and General Manager*

R. L. Seaborne *Vice-President*

G. S. Currie C.M.G. D.S.O. M.C.: H. M. S. Lewin C.B.E.: K. N. Linforth:

A. B. Meyer: J. A. Parker

Secretary-Treasurer J. A. Parker

Bowaters Southern Paper Corporation

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

A. B. Meyer *President*

D. W. Timmis *First Vice-President*

V. J. Sutton *Vice-President: Operations*

A. Brackenridge C.B.E.: K. O. Elderkin: C. T. Hicks: C. E. Opdyke

Controller-Treasurer C. E. Opdyke C.P.A.

Secretary J. G. Cate

Bowaters Carolina Corporation

Sir Eric Vansittart Bowater *Chairman of the Board and Chief Executive Officer*

A. B. Meyer *President*

D. W. Timmis *Vice-President*

T. C. Bannister *General Manager*

K. O. Elderkin: C. E. Opdyke

Treasurer C. E. Opdyke C.P.A.

Secretary J. G. Cate

The Bowater Paper Company Inc.

Sir Eric Vansittart Bowater *Chairman of the Board*

A. B. Meyer *President*

C. T. Hicks: J. D. Sullivan: Weimar Cross: *Vice-Presidents*

A. Brackenridge C.B.E.: R. K. Pfister

Secretary-Treasurer R. K. Pfister C.P.A.

Vice-President J. H. S. MacDonald

Other Subsidiary Companies in North America

Directors (other than those of the foregoing Companies)

H. V. Anderson: G. H. Carson: H. S. Carruth: J. G. Cate:

C. W. Copelin O.B.E.: E. L. Cowan: R. R. Edgar: E. Fitzgerald:

A. F. Hermann: H. J. Hitching: E. Johnston: S. Mann:

H. Osmond: B. R. Pryde: M. C. Strong

Auditors

Peat, Marwick, Mitchell & Co. *Montreal and New York*

Directors' Report

To the shareholders

The Directors present herewith the Consolidated Statement of Profit and Loss and Earned Surplus of the Corporation and its subsidiary companies for the year ended December 31st 1957 and the Consolidated Balance Sheet of the Corporation as at that date.

In a year which witnessed some falling off in demand in the closing months, the aggregate production of the mills of the subsidiary companies, namely 731,500 short tons of newsprint and 90,000 short tons of market pulp, represented the highest level of production and sales yet achieved resulting in the main from the increased capacity of the group. The price of newsprint was raised by \$4 per ton in March 1957 which was insufficient to cover to the full extent the increased cost of production and distribution that had been incurred by those mills to that date; moreover the upward trend of wages, prices of supplies and freights has since continued. Furthermore, the proceeds from sales in the United States by our Canadian subsidiaries, where the larger part of the output of their mills is sold, were adversely affected by the discount on the exchange rate of the U.S. dollar, such exchange losses during the year exceeding \$1½ million.

The Newfoundland Company

The mills of Bowater's Newfoundland Pulp and Paper Mills suffered a near disastrous fire in April 1957 when four of the main papermaking machines were severely damaged, putting them

completely out of action for a period and adversely affecting their performance for the remainder of the year. The claim for the damage sustained and consequential loss of profits, against which the company is fully insured, has not yet been finally determined and the amount of \$4,065,000 brought into the accounts now under review is comprised of expenditure actually incurred in reinstating damaged property and a provisional estimate of consequential losses. The claim when finally computed is expected to exceed the foregoing sum by a substantial amount.

The trading profits of the Newfoundland company and its subsidiaries, after allowing for net exchange loss on sales of \$875,000, amounted to £7,353,000 which in the circumstances that have prevailed during the year may be regarded as satisfactory. After providing for depreciation and depletion and for taxation the net profit for the year was \$3,621,000, which compares with \$4,410,000 for the previous year. The Directors of that company have recommended a final dividend of 30 cents which together with the interim dividend paid in September last will make a total distribution for the year of 45 cents per share on the Common Shares, all of which are owned by your Corporation.

Capital expenditure during the year other than that occasioned by the fire amounted to almost \$4½ million and among the developments completed was the rebuilding of the company's largest newsprint machine, which has increased its potential capacity by twenty-five per cent.

The Power Company

The Bowater Power Company enjoyed a satisfactory year's operations and, despite the disruption caused by the fire at the paper mills of its principal customer, sales of power were fully maintained at their former level and the trading profits at \$2,410,000 were almost precisely the same as for the previous year.

After deducting depreciation, amortization of bond discount and providing for taxation, the net income of the company for the year amounted to \$599,000 and the dividends paid and recommended on the Common Shares—owned by your Corporation—amount to 10 cents per share.

The new hydro-electric development on the Corner Brook river, which is being undertaken towards meeting increasing demands for power, continues to make good progress and is now nearing completion. This project accounted for the greater part of the Power company's capital expenditure for the year of just over \$2 million.

Mersey Paper Company

The Mersey Paper Company, Nova Scotia, which became a member of the Organisation in May 1956 continued to operate to capacity and its level of production was the highest so far achieved. Consolidated trading profits of that company amounted to \$6,546,000 after providing for the exchange loss on sales of \$674,000, whilst its net profit after depreciation, depletion, amortization of financing expenses, interest on funded debt and taxation amounted to \$2,275,000. The dividends paid or recommended for the year by the Directors of the Mersey company amount to 25 cents per share on its Common Shares which are owned by your Corporation.

Further stages in the programme of plant improvement and development were completed and capital expenditure amounted to some \$1,350,000. Funded debt of the Mersey company was reduced during the year by the redemption of U.S. \$1,300,000 of the outstanding 4½ per cent First Mortgage Sinking Fund Bonds, and \$107,000 was applied to the redemption of Preferred Shares.

The Southern Corporation

Your Corporation's other major operating subsidiary, Bowaters Southern Paper Mills, in Tennessee, again enjoyed a satisfactory year following the completion of the installation of the third newsprint machine

which came into production at the end of 1956. Profits on trading of the Southern Corporation and its subsidiaries amounted to U.S. \$15,050,000 and after charging depreciation, interest on funded debt, amortization of financing expenses and providing for taxation—including appropriations for equalisation of future taxes—the net profit amounted to U.S. \$4,119,000 as compared with U.S. \$3,059,000 for the previous year.

The accruing resources of this company continue to be applied mainly in reduction of its funded debt, repayments during the year in this respect amounting to \$6,496,000 which brought the total of repayments to date up to \$14,221,000. Under the terms of the deed of trust securing the bonds, there can be no distribution on the equity capital until this debt is further reduced, but despite the deterioration in trading conditions and in the absence of any unforeseen circumstances, it is hoped that the Company may be in the position to commence the payment of dividends to your Corporation in respect of the year 1959.

Progress of developments

Reference was made last year to the decision to install the fourth newsprint machine at Tennessee. During the year good progress has been made on this project and it is expected that this new machine will come into operation by the end of the year.

Good progress is also being made with the construction of the sulphate pulp mill which your Corporation's new subsidiary, Bowaters Carolina Corporation, is erecting at Catawba, South Carolina, and which is expected to be in production in the summer of 1959.

The finance for these developments has been provided or arranged in the form of U.S. \$15,500,000 in equity capital subscribed or to be subscribed by your Corporation, and of U.S. \$49,200,000 in notes and bonds by United States bankers and insurance companies. To enable your Corporation to finance the whole of that equity capital, The Bowater Paper Corporation Limited has agreed to subscribe in cash for a further three million of your Corporation's Common Shares of no par value, but with a stated value of \$5 per share.

The North American Corporation

Consolidated profits of your Corporation and its subsidiaries amounted to \$31,845,000 by comparison with \$28,404,000 for the previous year. The amount required for depreciation and

depletion has increased as a consequence of new plant which has come into operation during the year and now requires \$9,426,000, while interest on funded debt amounted to \$4,401,000, and there also has to be provided \$7,216,000 for taxation including \$2,438,000 transferred to reserve for the equalisation of future U.S. federal taxes of the Southern Corporation.

In the notes forming part of the financial statements, it has been explained that depreciation in respect of certain of the Canadian subsidiaries has been claimed for income tax purposes in excess of the amounts charged in their accounts. The time at which this position will be reversed and depreciation charged will exceed the amount claimable is not expected to arise for a number of years. In the opinion of your Directors, the reserves—including earned surplus—of the companies concerned are adequate to meet this contingency and no specific reserves for this purpose are necessary at the present time. After deducting \$851,000 for the dividends on the preference capital of subsidiary companies, the balance of net profits attributable to your Corporation was \$9,951,000 of which \$5,801,000 has been retained in the accounts of subsidiaries leaving \$4,150,000 as representing the net income of your Corporation for the year.

The dividends paid and accrued on the preferred capital of your Corporation—being the first full year's charges—amount to \$1,277,000. An interim dividend of $7\frac{1}{2}$ cents a share was paid in October 1957, on the Common Shares as increased by the issue of the additional three million shares to The Bowater Paper Corporation Limited—which owns all your Corporation's Common Stock—and your Directors now recommend the payment of a final dividend of $13\frac{1}{2}$ cents a share making a total distribution for the year on the Common Shares of 21 cents a share.

After providing for these dividends and transferring to capital surplus account the cost of purchasing Preferred Shares for redemption and cancellation under the terms of the issue, there remains, together with the amount brought forward from the previous year, a balance of \$9,266,000 to be carried forward to the next accounts. Sums aggregating \$17,637,000 have been carried forward in the accounts of subsidiary companies.

By order of the Board,
S. MANN
Secretary.

MONTREAL, PROVINCE OF QUEBEC, CANADA
MARCH 12TH 1958.

**The Bowater Corporation of North America Limited
and Subsidiary Companies**

**Consolidated Statement of Profit and Loss and Earned
Surplus for the year ended December 31st 1957**

| | CAN. \$ | CAN. \$ | 1956 CAN. \$ |
|---|-----------|-------------------|-----------------|
| PROFITS ON TRADING and other revenue of the North American Corpora- tion and its subsidiary companies..... | | 31,845,000 | 28,404,000 |
| DEPRECIATION and depletion | | 9,426,000 | 7,485,000 |
| | | <hr/> | <hr/> |
| INTEREST ON FUNDED DEBT..... | | 22,419,000 | 20,919,000 |
| | | 4,401,000 | 3,705,000 |
| | | <hr/> | <hr/> |
| Consolidated profits before taxation | | 18,018,000 | 17,214,000 |
| TAXATION | | | |
| In respect of the current year..... | 4,778,000 | | 5,118,000 |
| Reserve for equalisation of future U.S. federal taxes..... | 2,438,000 | | 1,823,000 |
| | <hr/> | | <hr/> |
| | | 7,216,000 | 6,941,000 |
| | | <hr/> | <hr/> |
| Consolidated profits after taxation | | 10,802,000 | 10,273,000 |
| DIVIDENDS ON PREFERENCE CAPITAL of subsidiary companies | | 851,000 | 464,000 |
| | | <hr/> | <hr/> |
| BALANCE OF PROFITS attributable to the North American Corporation | | 9,951,000 | 9,809,000 |
| PROFITS RETAINED BY SUBSIDIARY COMPANIES | | 5,801,000 | 5,573,000 |
| | | <hr/> | <hr/> |
| NET INCOME of the North American Corporation | | 4,150,000 | 4,236,000 |
| DIVIDENDS OF THE NORTH AMERICAN COR- PORATION for the year to date: | | | |
| Preferred dividends paid and accrued.... | 1,277,000 | | 592,000 |
| Common dividends paid and recom- mended | 2,730,000 | | 2,750,000 |
| | <hr/> | | <hr/> |
| | | 4,007,000 | 3,342,000 |
| | | <hr/> | <hr/> |
| | | 143,000 | 894,000 |
| EARNED SURPLUS OF THE NORTH AMERICAN CORPORATION at December 31st 1956..... | | 9,373,000 | 8,479,000 |
| | | <hr/> | <hr/> |
| EARNED SURPLUS of the North American Corporation at December 31st 1957 | | 9,516,000 | 9,373,000 |
| TRANSFER TO CAPITAL SURPLUS ON REDEMPTION OF PREFERRED SHARES | | 250,000 | — |
| | | <hr/> | <hr/> |
| | | 9,266,000 | 9,373,000 |
| CARRIED FORWARD BY SUBSIDIARY COMPANIES ON EARNED SURPLUS ACCOUNTS (See Note 6) .. | | 17,637,000 | 11,945,000 |
| | | <hr/> | <hr/> |
| CONSOLIDATED EARNED SURPLUS of the North American Corporation and its subsidiary companies at December 31st 1957 | | CAN. \$26,903,000 | \$21,318,000 |
| | | <hr/> | <hr/> |

*Notes on and forming part of the accounts are
given on page 66*

**The Bowater Corporation of North America Limited
and Subsidiary Companies**

Consolidated Balance Sheet December 31st 1957

| | CAN.\$ | CAN.\$ | 1956 CAN.\$ |
|--|-------------|-------------------|----------------|
| CURRENT ASSETS | | | |
| Cash with bankers and in hand | 4,559,000 | | 6,535,000 |
| Treasury bills | 10,897,000 | | 6,615,000 |
| Amounts due from affiliated companies... | 647,000 | | 1,895,000 |
| Accounts receivable and prepaid expenses. | 12,026,000 | | 9,911,000 |
| Provisional estimate of fire claim to date \$4,065,000 less payments received on account | 720,000 | | — |
| Inventories at the lower of cost or market value..... | 31,825,000 | | 28,767,000 |
| | | | |
| <i>Deduct:</i> | | 60,674,000 | 53,723,000 |
| CURRENT LIABILITIES | | | |
| Notes payable to bankers..... | 3,709,000 | | 1,152,000 |
| Accrued interest on funded debt..... | 1,401,000 | | 1,274,000 |
| Accounts payable, accrued charges and provisions..... | 7,770,000 | | 7,937,000 |
| Accrued taxes | 3,174,000 | | 3,391,000 |
| Amounts due to affiliated companies..... | 77,000 | | 64,000 |
| Dividends since paid or to be paid..... | 2,287,000 | | 2,475,000 |
| | | 18,418,000 | 16,293,000 |
| Net current assets | | 42,256,000 | 37,430,000 |
| FIXED ASSETS | | | |
| Properties, timberlands, ships, plant and equipment | 256,064,000 | | 228,796,000 |
| <i>Less:</i> Depreciation and amounts written off | 46,982,000 | | 39,024,000 |
| | | 209,082,000 | 189,772,000 |
| DEFERRED OPERATING EXPENDITURE | | | |
| on woods development..... | | 1,383,000 | 1,416,000 |
| DEPOSITS WITH TRUSTEES | | | |
| subject to withdrawal for capital expenditure | | 1,288,000 | 3,292,000 |
| INVESTMENTS, mortgage loans and other securities at or under cost..... | | 1,255,000 | 990,000 |
| | | 255,264,000 | 232,900,000 |
| <i>Deduct:</i> | | | |
| FUNDED DEBT of certain subsidiary companies: | | | |
| Mortgage Bonds and Debenture Stocks secured on certain of the assets..... | 84,499,000 | | 88,965,000 |
| Unsecured Notes..... | 18,476,000 | | 10,052,000 |
| | 102,975,000 | | 99,017,000 |
| <i>Less:</i> Bonds held for redemption and funds held by trustees..... | 181,000 | | 152,000 |
| | | 102,794,000 | 98,865,000 |
| <i>Deduct:</i> | | 152,470,000 | 134,035,000 |
| PREFERENCE SHARE CAPITAL of subsidiary companies (\$9,893,000 redeemable) | | 16,805,000 | 16,789,000 |
| Net assets attributable to the interests of the shareholders | | CAN.\$135,665,000 | \$117,246,000 |

Represented by:
ISSUED CAPITAL OF THE
BOWATER CORPORATION OF
NORTH AMERICA LIMITED

PREFERRED CAPITAL

5 per cent Cumulative Redeemable Preferred Shares, par value \$50 per share—authorized and issued 350,000 shares, *less* 4,006 redeemed

17,300,000

17,500,000

5½ per cent Cumulative Redeemable Preferred Shares, par value \$50 per share—authorized and issued 150,000 shares, *less* 1,595 redeemed

7,420,000

7,500,000

24,720,000

25,000,000

COMMON CAPITAL

Common Shares without nominal or par value

Authorized 25,000,000 shares

Issued 13,000,000 shares

65,000,000

50,000,000

Less: Uncalled balance on 3,000,000 shares issued during the year

5,000,000

—

60,000,000

50,000,000

84,720,000

75,000,000

CAPITAL SURPLUS

arising from redemption of Preferred Shares.....

387,000

—

CAPITAL RESERVE

10,561,000

9,627,000

REVENUE RESERVES AND
UNDISTRIBUTED PROFITS

Reserve for equalisation of future U.S. federal taxes

6,764,000

4,143,000

Contingencies reserves

2,000,000

2,000,000

Consolidated earned surplus of the North American Corporation and its subsidiary companies

26,903,000

21,318,000

35,667,000

27,461,000

EXCHANGE CONVERSION
ACCOUNT.....

4,330,000

5,158,000

CAN. \$135,665,000

\$117,246,000

Notes on and forming part of the accounts are given on page 66

On behalf of the Board

ERIC V. BOWATER }
 G. S. CURRIE } *Directors*

The Bowater Corporation of North America Limited

Notes on and forming part of the accounts for 1957

1. All amounts are stated to the nearest \$1,000.

2. The profits on trading of \$31,845,000 are after charging \$134,000 legal fees and \$252,000 and \$30,000 salaries and fees respectively paid to Directors of the North American Corporation.

3. Sterling and United States dollars have been converted into Canadian dollars at the rates of exchange ruling at the date of the accounts.

4. Under the terms of the agreements entered into in respect of the funded debt of Bowaters Southern Paper Corporation no part of its earned surplus (Can. \$9,528,000) is at present available for distribution to the North American Corporation.

5. Taxation has, as previously, been based on claims for depreciation allowances currently in excess of the amounts charged in the accounts for depreciation. The cumulative amount by which taxation of Canadian subsidiaries has thus been reduced is now calculated to be \$2,529,000 of which \$1,435,000 relates to the year under review.

6. The amounts carried forward on earned surplus accounts by subsidiary companies—\$17,637,000—have been increased by an adjustment of \$172,000 in respect of prior years and reduced by a transfer of \$100,000 to capital surplus on redemption of Preferred Shares and \$297,000 transfers to capital reserve.

7. The increase of \$934,000 in capital reserve is made up of \$297,000 transfers from earned surplus, \$32,000 other transfers and \$605,000 exchange difference applicable to capital reserve.
8. The exchange conversion account arises in respect of sterling preference capital—\$4,403,000—against which has been applied the exchange adjustment net—\$73,000—on account of United States dollar funded debt of a subsidiary company.

9. Fixed assets are stated at cost or valuation, the latter relating to the hydro-electric assets of The Bowater Power Company Limited at a value of \$34,524,000 as appraised by the Power Corporation of Canada Limited on April 15th 1955 and as a result of which \$15,950,000 was transferred to capital reserve in that year.

10. Funded debt is made up as follows:

| | Mortgage bonds \$ | Unsecured notes \$ |
|-------------------------------------|-------------------------|--------------------------|
| Bowaters Southern Paper Corporation | 45,077,000 | 11,895,000 |
| Mersey Paper Company Limited | 24,322,000 | — |
| The Bowater Power Company Limited | 15,100,000 | 3,200,000 |
| Other subsidiary companies | — | 3,381,000 |
| Total | \$84,499,000 | \$18,476,000 |
| of which maturing in 1958 — | \$9,349,000 | \$1,480,000 |

11. At December 31st 1957 commitments in respect of orders placed on capital account by subsidiary companies were estimated to amount to \$17,000,000.

Auditors' Report

To the shareholders of The Bowater Corporation of North America Limited

WE HAVE EXAMINED the Consolidated Balance Sheet of The Bowater Corporation of North America Limited and subsidiary companies as of December 31st 1957 and the Consolidated Statement of Profit and Loss and Earned Surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the accompanying Consolidated Balance Sheet and Consolidated Statement of Profit and Loss and Earned Surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the companies at December 31st 1957 and the results of their operations for the year ended on that date, according to the best of our information and the explanations given to us and as shown by the books of the companies.



Accounts in dollars of

The Bowater

Paper Corporation Limited

For the convenience of our stockholders in North America, there follow the Consolidated Statement of Profit and Loss of The Bowater Paper Corporation Limited and its subsidiary companies for the year ended December 31st 1957 and the Consolidated Balance Sheet as at that date expressed in dollars, for the purpose of which a conversion rate of \$2.80 to the £1 has been used throughout.

It must be emphasized that the only official certified accounts of The Bowater Paper Corporation Limited and its subsidiary companies are those set out on pages 37 to 46 inclusive.

**The Bowater Paper Corporation Limited
and Subsidiary Companies**

**Consolidated Statement of Profit and Loss
for the year ended December 31st 1957**

CONVERTED INTO DOLLARS AT \$2.80 TO £1

| | \$ | \$ | 1956 \$ |
|--|--|---------------------|--|
| PROFITS ON TRADING and other revenue of the Corporation and its subsidiary companies..... | | 48,026,000 | 45,161,000 |
| DEPRECIATION and amounts written off... | | 13,275,000 | 11,049,000 |
| | | <u>34,751,000</u> | <u>34,112,000</u> |
| INTEREST ON FUNDED DEBT of subsidiary companies | | 4,505,000 | 3,926,000 |
| Consolidated profits before taxation | | <u>30,246,000</u> | <u>30,186,000</u> |
| UNITED KINGDOM AND OVERSEAS TAXATION excluding \$1,980,000 profits tax attributable to dividends of the Corporation..... | | 10,968,000 | 11,612,000 |
| Consolidated profits after taxation | | <u>19,278,000</u> | <u>18,574,000</u> |
| DIVIDENDS ON PREFERENCE CAPITAL of subsidiary companies publicly held | 2,125,000 | | |
| PROPORTION of profits attributable to minority interests | <u>289,000</u> | <u>2,414,000</u> | <u>1,072,000</u> |
| BALANCE OF PROFITS attributable to the Corporation | | 16,864,000 | 17,502,000 |
| PROFITS RETAINED BY SUBSIDIARY COMPANIES | | <u>7,352,000</u> | <u>8,408,000</u> |
| NET INCOME of the Corporation for the year | | 9,512,000 | 9,094,000 |
| INTEREST \$2,290,000 ON FUNDED DEBT OF THE CORPORATION <i>less</i> income tax..... | | 1,316,000 | 661,000 |
| | | <u>8,196,000</u> | <u>8,433,000</u> |
| DIVIDENDS OF THE CORPORATION for the year to date <i>less</i> income tax: Preference dividends paid and accrued... Ordinary dividends paid and recommended | 644,000 <u>3,926,000</u> 4,570,000 | | 641,000 <u>3,864,000</u> 4,505,000 |
| PROFITS TAX attributable to dividends of the Corporation | <u>1,980,000</u> | | <u>2,058,000</u> |
| | | 6,550,000 | 6,563,000 |
| | | <u>1,646,000</u> | <u>1,870,000</u> |
| BROUGHT FORWARD by the Corporation... | | 8,041,000 | 6,171,000 |
| UNAPPROPRIATED PROFITS of the Corporation at December 31st 1957.. | | 9,687,000 | 8,041,000 |
| CARRIED FORWARD BY SUBSIDIARY COMPANIES after appropriations and transfers to reserves | | 28,919,000 | 24,083,000 |
| AGGREGATE UNAPPROPRIATED PROFITS of the Corporation and its subsidiary companies at December 31st 1957 | | <u>\$38,606,000</u> | <u>\$32,124,000</u> |

**The Bowater Paper Corporation Limited
and Subsidiary Companies**

Consolidated Balance Sheet December 31st 1957

CONVERTED INTO DOLLARS AT \$2.80 TO £1

| | \$ | \$ | 1956 \$ |
|--|-------------|---------------|---------------|
| CURRENT ASSETS | | | |
| Cash with bankers, at short call and in hand | 17,486,000 | | 11,155,000 |
| Treasury bills | 11,035,000 | | 6,924,000 |
| British Government securities | — | | 2,708,000 |
| Tax reserve certificates | 560,000 | | 2,240,000 |
| Accounts receivable <i>less</i> provisions for doubtful debts | 38,833,000 | | 34,689,000 |
| Provisional estimate of fire claim to date Can. \$4,065,000 <i>less</i> payments received on account | 728,000 | | — |
| Inventories at the lower of cost or market value | 82,275,000 | | 73,976,000 |
| | | 150,917,000 | 131,692,000 |
| <i>Deduct :</i> | | | |
| CURRENT LIABILITIES | | | |
| Bank loans (<i>secured as to</i> \$2,173,000) | 14,398,000 | | 9,683,000 |
| Acceptance credits | 14,960,000 | | 16,800,000 |
| Accrued interest on funded debt | 1,596,000 | | 1,509,000 |
| Accounts payable, accrued charges and other liabilities | 27,972,000 | | 30,209,000 |
| Accrued taxes | 12,477,000 | | 11,001,000 |
| Dividends since paid or to be paid <i>less</i> income tax | 3,713,000 | | 3,130,000 |
| | | 75,116,000 | 72,332,000 |
| Net current assets | | 75,801,000 | 59,360,000 |
| PROVISIONS for deferred overseas taxation and other purposes | | 3,830,000 | 3,937,000 |
| | | 71,971,000 | 55,423,000 |
| FIXED ASSETS | | | |
| Properties, timberlands, ships, plant and equipment | 382,810,000 | | 328,222,000 |
| <i>Less</i> : Depreciation and amounts written off | 60,981,000 | | 48,440,000 |
| | | 321,829,000 | 279,782,000 |
| DEFERRED OPERATING EXPENDITURE | | | |
| on woods development | | 1,400,000 | 1,481,000 |
| DEPOSITS WITH TRUSTEES | | | |
| subject to withdrawal for capital expenditure | | 1,305,000 | 3,447,000 |
| INVESTMENTS | | | |
| Trade investments at or under cost | 4,849,000 | | 11,628,000 |
| Mortgage loans and other securities | 952,000 | | 577,000 |
| | | 5,801,000 | 12,205,000 |
| Carried forward | | \$402,306,000 | \$352,338,000 |

| | \$ | \$ | 1956 \$ |
|--|-------------------|----------------------|----------------------|
| Brought forward | | 402,306,000 | 352,338,000 |
| <i>Deduct:</i> | | | |
| FUNDED DEBT | | | |
| Mortgage Bonds and Debenture Stocks secured on certain of the assets | 95,029,000 | | 102,393,000 |
| Unsecured Notes and Loan Stocks | <u>75,829,000</u> | | <u>25,643,000</u> |
| | | 170,858,000 | 128,036,000 |
| Net assets | | 231,448,000 | 224,302,000 |
| <i>Deduct:</i> | | | |
| OUTSIDE SHAREHOLDERS' INTERESTS IN SUBSIDIARY COMPANIES | | | |
| Preference shareholders | 41,614,000 | | |
| Ordinary shareholders—minority interests in net tangible assets | <u>8,106,000</u> | | |
| | | 49,720,000 | 43,117,000 |
| Net assets attributable to the interests of the stockholders of The Bowater Paper Corporation Limited | | <u>\$181,728,000</u> | <u>\$181,185,000</u> |
| Represented by: | | | |
| CAPITAL OF THE BOWATER PAPER CORPORATION LIMITED | | | |
| PREFERENCE CAPITAL | | | |
| Authorised £15,000,000—Issued £7,394,000 | 20,703,000 | | 20,286,000 |
| ORDINARY CAPITAL | | | |
| Authorised £30,000,000—Issued £19,500,000 | <u>54,600,000</u> | | <u>53,760,000</u> |
| | | 75,303,000 | 74,046,000 |
| CAPITAL RESERVES | | 36,722,000 | 43,644,000 |
| REVENUE RESERVES AND UNAPPROPRIATED PROFITS | | 66,774,000 | 57,506,000 |
| EXCHANGE CONVERSION ACCOUNT | | <u>2,929,000</u> | <u>5,989,000</u> |
| | | <u>\$181,728,000</u> | <u>\$181,185,000</u> |

The Bowater Organisation

Companies in the United Kingdom

The Bowater Paper Corporation Limited

Bowaters United Kingdom Pulp and Paper Mills Limited

Bowaters Sales Company Limited

Bowaters Services and Transport Limited

Moore's Transports Limited

The Bowater Steamship Company Limited

The Bowater Trading Company Limited

Bowaters China Clays Limited

The Bowater Research and Development Company Limited

Bowater-Eburite Limited

Bowater-Eburite Fibre Containers Limited

Bowater-Eburite Bulk Packaging Limited

Bowater-Eburite Flexible Packaging Limited

Hunt Partners Limited

Bowater-Eburite Sales Limited

Companies in North America

The Bowater Corporation of North America Limited *Canada*

Bowater's Newfoundland Pulp and Paper Mills Limited *Canada*

The Bowater Power Company Limited *Canada*

Mersey Paper Company Limited *Canada*

Bowaters Southern Paper Corporation *United States of America*

Bowaters Carolina Corporation *United States of America*

The Bowater Paper Company Inc. *United States of America*

Bowaters Research and Development Incorporated *United States of America and subsidiaries*

Other Principal Companies Overseas

Bowaters Svenska Trämassefabriker Aktiebolag *Sweden*

Aktieselskapet Risor Trämassefabriker *Norway*

Bowaters Irish Wallboard Mills Limited *Ireland*

The Bowater Corporation of Australia Limited *Australia*

Bowater Paper Company Limited *Australia*

The British-Australian Paper Company Proprietary Limited *Australia*

Bowater Paper Company (Proprietary) Limited *South Africa*

Associated Company in the United Kingdom

Bowater-Scott Corporation Limited



